

**CITY OF JAMESTOWN,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information and Federal Awards Information for the
Year Ended December 31, 2022 and Independent
Auditors' Reports*

CITY OF JAMESTOWN, NEW YORK
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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Jamestown, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, New York (the "City"), as of and for the year ended December 31, 2022, 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, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in its 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.

We did not audit the financial statements of the Jamestown Board of Public Utilities (the "Board"), which represents 97.9% and 97.0% of the assets and operating revenues, respectively, of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, 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.

Other Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2022, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR"), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 20, 2024 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 the City's internal control over financial reporting and compliance.

Drescher & Malecki LLP

February 20, 2024

CITY OF JAMESTOWN, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2022

As management of the City of Jamestown, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements and notes to the financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended December 31, 2022 by \$49,864,874 (net position). This consists of \$177,284,049 net investment in capital assets, \$4,837,927 restricted for specific purposes, and unrestricted net position of \$(132,257,102).
- The City's primary government total net position increased by \$21,228,756 during the year ended December 31, 2022. Governmental activities increased the City's net position by \$13,315,087, while business-type activities increased net position by \$7,913,669.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,889,852, a decrease of \$2,113,835 in comparison with the prior year's fund balance of \$8,003,687, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$7,682,845, or approximately 17.5 percent of General Fund expenditures and transfers out. This amount is *available for spending* at the City's discretion and constitutes approximately 83.2 percent of the General Fund's total fund balance of \$9,232,878 at December 31, 2022.
- The City's primary government total bonded indebtedness decreased by \$1,899,000 as a result of scheduled principal payments.

Overview of the Financial Statements

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

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will 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 support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges. The business-type activities of the City include the Jamestown Board of Public Utilities, the Jamestown Urban Renewal Agency, and the Jamestown Local Development Corporation blended component units.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary 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* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Grant Fund, and Capital Projects Fund, which are considered major funds.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds—The City maintains one type of proprietary funds. An *enterprise fund* is used report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the Jamestown Board of Public Utilities, Jamestown Urban Renewal Agency, and Jamestown Local Development Corporation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jamestown Board of Public Utilities, Jamestown Urban Renewal Agency, and Jamestown Local Development Corporation, which are considered to be major funds.

The proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the funds are not available to support the City’s own programs. The City maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-56 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s net pension liabilities, changes in the City’s total other postemployment benefits (“OPEB”) obligation, and the City’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 57-64 of this report.

Finally, the Federal Awards Information section presents the City’s Schedule of Expenditures of Federal Awards and can be found on pages 65-75 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the City’s primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,864,874 at the close of the most recent fiscal year, as compared to \$28,636,118 at the close of the fiscal year ended December 31, 2021, as restated.

Table 1, shown on the following page, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2022	2021 (as restated)	2022	2021 (as restated)	2022	2021 (as restated)
Current and other assets	\$ 37,076,721	\$ 28,219,954	\$ 47,720,542	\$ 41,826,377	\$ 84,797,263	\$ 70,046,331
Noncurrent assets	60,410,299	52,128,937	146,002,192	142,035,331	206,412,491	194,164,268
Total assets	<u>97,487,020</u>	<u>80,348,891</u>	<u>193,722,734</u>	<u>183,861,708</u>	<u>291,209,754</u>	<u>264,210,599</u>
Deferred outflows of resources	23,707,744	30,936,748	9,152,110	9,096,344	32,859,854	40,033,092
Current and other liabilities	30,907,397	20,189,432	7,719,647	6,228,920	38,627,044	26,418,352
Noncurrent liabilities	129,029,973	203,381,391	11,596,241	13,865,259	140,626,214	217,246,650
Total liabilities	<u>159,937,370</u>	<u>223,570,823</u>	<u>19,315,888</u>	<u>20,094,179</u>	<u>179,253,258</u>	<u>243,665,002</u>
Deferred inflows of resources	80,509,111	20,281,620	14,442,365	11,660,951	94,951,476	31,942,571
Net position:						
Net investment in capital assets:						
Restricted	41,113,939	37,003,035	136,170,110	135,076,263	177,284,049	172,079,298
Unrestricted	238,017	203,245	4,599,910	2,645,626	4,837,927	2,848,871
Total net position	<u>(160,603,673)</u>	<u>(169,773,084)</u>	<u>28,346,571</u>	<u>23,481,033</u>	<u>(132,257,102)</u>	<u>(146,292,051)</u>
Total net position	<u>\$ (119,251,717)</u>	<u>\$ (132,566,804)</u>	<u>\$ 169,116,591</u>	<u>\$ 161,202,922</u>	<u>\$ 49,864,874</u>	<u>\$ 28,636,118</u>

The largest portion of the City's net position, \$177,284,049, reflects its investment in capital assets (e.g. land, buildings and building improvements, infrastructure and machinery and equipment), net of accumulated depreciation and less any related debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its 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.

The next largest portion, \$4,837,927, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the City's net position, \$(132,257,102), is considered to be an unrestricted deficit. This deficit does not mean that the City does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the City's capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, the net pension liability, and OPEB obligation, are funded annually within the funds.

Table 2, shown on the following page, presents the changes in net position for the years ended December 31, 2022 and December 31, 2021.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2022	2021 (as restated)	2022	2021 (as restated)	2022	2021 (as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 1,512,816	\$ 1,092,924	\$ 59,299,987	\$ 56,814,358	\$ 60,812,803	\$ 57,907,282
Operating grants and contributions	931,177	938,511	-	76,284	931,177	1,014,795
Capital grants and contributions	9,442,131	4,232,823	3,793,988	453,733	13,236,119	4,686,556
General revenues	<u>35,677,377</u>	<u>34,594,388</u>	<u>111,633</u>	<u>65,399</u>	<u>35,789,010</u>	<u>34,659,787</u>
Total revenues	<u>47,563,501</u>	<u>40,858,646</u>	<u>63,205,608</u>	<u>57,409,774</u>	<u>110,769,109</u>	<u>98,268,420</u>
Program expenses	<u>34,248,414</u>	<u>43,437,134</u>	<u>55,291,939</u>	<u>53,859,913</u>	<u>89,540,353</u>	<u>97,297,047</u>
Change in net position	13,315,087	(2,578,488)	7,913,669	3,549,861	21,228,756	971,373
Net position—beginning	(132,566,804)	(130,133,565)	161,202,922	157,388,977	28,636,118	27,255,412
Restatement	-	145,249	-	264,084	-	409,333
Net position—ending	<u>\$ (119,251,717)</u>	<u>\$ (132,566,804)</u>	<u>\$ 169,116,591</u>	<u>\$ 161,202,922</u>	<u>\$ 49,864,874</u>	<u>\$ 28,636,118</u>

Governmental activities—Governmental activities increased the City’s net position by \$13,315,087. Overall revenues for governmental activities increased 16.4 percent from the prior year largely due to an increase in capital grants and contributions related to the use of Coronavirus State and Local Fiscal Recovery Funds. Total governmental activities expenses decreased 21.2 percent from the prior year due primarily to decreased allocable benefits costs associated with the OPEB and pension obligations.

A summary of sources of revenues for the years ended December 31, 2022 and December 31, 2021 is presented below in Table 3:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Charges for services	\$ 1,512,816	\$ 1,092,924	\$ 419,892	38.4
Operating grants and contributions	931,177	938,511	(7,334)	(0.8)
Capital grants and contributions	9,442,131	4,232,823	5,209,308	123.1
Real property taxes and tax items	16,401,169	16,337,475	63,694	0.4
Nonproperty tax items	8,656,871	8,520,743	136,128	1.6
Board of Public Utilities - PILOT	4,044,675	3,915,571	129,104	3.3
State aid—unrestricted	5,849,346	4,787,917	1,061,429	22.2
Other	725,316	1,032,682	(307,366)	(29.8)
Total revenues	<u>\$ 47,563,501</u>	<u>\$ 40,858,646</u>	<u>\$ 6,704,855</u>	16.4

The most significant source of revenues for governmental activities for the year ended December 31, 2022 was real property taxes and tax items, which accounts for \$16,401,169, or 34.5 percent of total revenues. The other significant sources of revenue included capital grants and contributions of \$9,442,131, or 19.9 percent of total revenues, and nonproperty tax items \$8,656,871, or 18.2 percent of total revenues. For the year ended December 31, 2021, the City’s most significant source of revenues for governmental activities was real property taxes and tax items, which accounts for \$16,337,475, or 40.0 percent of total revenues. The other

significant sources of revenue included nonproperty tax items of \$8,520,743, or 20.9 of total revenues, and unrestricted state aid of \$4,787,917, or 11.7 percent of total revenues.

A summary of program expenses for the year ended December 31, 2022 and December 31, 2021 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
General government support	\$ 5,257,849	\$ 6,886,543	\$ (1,628,694)	(23.7)
Public safety	14,090,845	19,567,193	(5,476,348)	(28.0)
Health	433,348	21,662	411,686	1,900.5
Transportation	6,047,956	7,188,926	(1,140,970)	(15.9)
Economic assistance and opportunity	109,250	-	109,250	100.0
Culture and recreation	1,969,283	2,803,892	(834,609)	(29.8)
Home and community services	5,817,244	6,555,740	(738,496)	(11.3)
Interest and fiscal charges	522,639	413,178	109,461	26.5
Total program expenses	<u>\$ 34,248,414</u>	<u>\$ 43,437,134</u>	<u>\$ (9,188,720)</u>	(21.2)

The most significant expense for governmental activities for the year ended December 31, 2022 was public safety, which accounts for \$14,090,845, or 41.1 percent of total expenses. The other significant expenses included transportation of \$6,047,956, or 17.7 percent of total expenses, home and community services of \$5,817,244, or 17.0 percent of total expenses, and general government support of \$5,257,849, or 15.4 percent of total expenses. For the year ended December 31, 2021, the City's most significant expense for governmental activities was public safety, which accounts for \$19,567,193, or 45.0 percent of total expenses. The other significant expenses included transportation of \$7,188,926, or 16.6 of total expenses, general government support of \$6,886,543, or 15.9 percent of total expenses, and home and community services of \$6,555,740, or 15.1 percent of total expenses.

Business-type activities—The business-type activities increased the City's net position by \$7,913,669. For the year ended December 31, 2022, revenues increased 10.0 percent and expenses increased by 2.6 percent. The increase in revenues is primarily due to increases in grant funding and utility consumption by users. The increase in expenses is primarily due to utility operating costs.

A summary of revenues and expenses for the City's business-type activities for the years ended December 31, 2022 and December 31, 2021 is presented in Table 5 on the following page.

Table 5—Summary of Revenues and Expenses—Business-type Activities

	<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
	<u>2022</u>	<u>2021</u>	<u>Dollars</u>	<u>Percent (%)</u>
Revenues:				
Utility charges	\$ 58,699,789	\$ 56,189,388	\$ 2,510,401	4.5
Operating grants	1,215,988	453,733	762,255	168.0
Program income and administrative fees	600,198	624,970	(24,772)	(4.0)
Miscellaneous	1,338	948	390	41.1
Nonoperating	<u>2,688,295</u>	<u>167,528</u>	<u>2,520,767</u>	1,504.7
Total revenues	<u>\$ 63,205,608</u>	<u>\$ 57,436,567</u>	<u>\$ 5,769,041</u>	10.0
Expenses:				
Operating	\$ 33,442,036	\$ 31,203,532	\$ 2,238,504	7.2
Depreciation	7,683,354	7,753,572	(70,218)	(0.9)
Administrative and general	7,046,843	8,444,570	(1,397,727)	(16.6)
PILOT	5,590,445	5,422,041	168,404	3.1
Repairs and maintenance	1,060,045	795,384	264,661	33.3
Nonoperating	<u>469,216</u>	<u>267,607</u>	<u>201,609</u>	75.3
Total expenses	<u>\$ 55,291,939</u>	<u>\$ 53,886,706</u>	<u>\$ 1,405,233</u>	2.6

As detailed above, the most significant source of revenue for the business-type activities for the year ended December 31, 2022 was utility charges of \$58,699,789, or 92.9 percent of total revenues. Similarly, for the year ended December 31, 2021, the most significant source of revenue was utility charges of \$56,189,388, or 97.8 percent of total revenues. Nonoperating revenue increased significantly during the year ended December 31, 2022 as a result of a capital improvement grant from New York State.

The most significant expense item for the business-type activities for the year ended December 31, 2022 was operating expenses of \$33,442,036, or 60.5 percent of total expenses. Similarly, for the year ended December 31, 2021, the most significant expenses were operating expenses of \$31,203,532, or 57.9 percent of total expenses.

Financial Analysis of the Government's Funds

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

Governmental funds—The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

At December 31, 2022, the City's governmental funds reported combined ending fund balances of \$5,889,852, a decrease of \$2,113,835 in comparison with the prior year's fund balance of \$8,003,687, as restated. Approximately 69.6 percent of this amount, \$4,101,802, constitutes *unassigned fund balance*. The remainder of fund balance is either (1) not in spendable form, \$1,171,897, (2) restricted for particular purposes, \$238,017, or (3) assigned for subsequent year's expenditures, \$378,136.

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 \$7,682,845, while total fund balance increased to \$9,232,878. The General Fund fund balance increase of \$1,182,613 from the prior year was largely due to an increase in state and federal aid. 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 expenditures and transfers out. *Unassigned fund balance* represents 17.5 percent of General Fund expenditures and transfers out, while total fund balance represents 21.1 percent of that same amount.

During the year ended December 31, 2022, the City’s Special Grant Fund fund balance increased by \$34,772 from the prior year, resulting in ending fund balance of \$238,017. The increase in fund balance is attributable to current year revenue exceeding expenditures.

Due to capital outlay supported primarily by short-term debt and interfund borrowings, the Capital Project Fund reported a fund balance deficit of \$3,511,039 at December 31, 2022, as compared to fund balance deficit of \$249,823 at the close of the previous year. The change in fund balance from the prior year was primarily due to the use of short-term financing to fund capital projects. The remaining deficit is anticipated to be remedied with the conversion of the outstanding short-term debt to long-term debt and grant revenues.

Proprietary funds—The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall net position of the proprietary funds increased \$7,913,669. The Board of Public Utilities net position increased \$8,018,766, primarily as a result of utility charges exceeding the cost of delivering services to customers. The Jamestown Urban Renewal Agency’s net position increased \$177,644, primarily due to a decrease in allocable employee benefit expenses attributed to the OPEB and pension obligations. The Jamestown Local Development Corporation’s net position decreased \$282,741, primarily due to program expenses exceeding current year program income and grant revenue.

General Fund Budgetary Highlights

The City’s General Fund budget generally contains budget transfers during the year. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule for the General Fund has been provided in the Required Supplementary Information section of this report to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended December 31, 2022 is presented in Table 6 below.

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 37,767,319	\$ 42,495,254	\$ 45,017,140	\$ 2,521,886
Expenditures and other financing uses	38,488,684	43,216,619	43,834,527	(617,908)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing use	\$ (721,365)	\$ (721,365)	\$ 1,182,613	\$ 1,903,978

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations and estimated revenues and other financing sources increased \$4,727,935 as a result of approved use of Coronavirus State and Local Fiscal Recovery Funds.

Final budget compared to actual results—The General Fund has a favorable variance from final budgetary appropriations of \$1,903,978. The largest positive variance was realized in employee benefits, primarily due to lower than anticipated pension costs.

Capital Assets and Debt Administration

Capital assets—The City’s investment in capital assets for its governmental activities and business-type activities as of December 31, 2022 amounted to \$58,407,045 and \$140,589,359, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and building improvements, and machinery and equipment.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the City’s capital asset policy.

Capital assets net of depreciation for the primary government at the years ended December 31, 2022 and December 31, 2021 are presented in Table 7 below:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,159,025	\$ 1,207,755	\$ 1,957,535	\$ 1,899,977	\$ 3,116,560	\$ 3,107,732
Construction in progress	2,918,140	2,371,360	2,774,078	2,659,647	5,692,218	5,031,007
Infrastructure	32,001,771	27,998,105	-	-	32,001,771	27,998,105
Buildings and building improvements	16,122,464	14,141,816	-	-	16,122,464	14,141,816
Machinery and equipment	4,293,299	5,052,331	-	-	4,293,299	5,052,331
Vehicles	1,912,346	1,357,570	-	-	1,912,346	1,357,570
Electric division	-	-	88,292,358	89,955,837	88,292,358	89,955,837
Wastewater division	-	-	15,974,693	15,927,572	15,974,693	15,927,572
Water division	-	-	27,530,098	24,842,916	27,530,098	24,842,916
Solidwaste division	-	-	2,121,565	2,353,092	2,121,565	2,353,092
District heat division	-	-	1,939,032	2,098,310	1,939,032	2,098,310
Total	<u>\$ 58,407,045</u>	<u>\$ 52,128,937</u>	<u>\$ 140,589,359</u>	<u>\$ 139,737,351</u>	<u>\$ 198,996,404</u>	<u>\$ 191,866,288</u>

Additional information on the City’s capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—The City currently has approximately \$17.4 million in total bonded debt for functions of the primary government. This includes serial bonds issued by the Jamestown Board of Public Utilities.

The City carries an A2 rating from Moody’s.

A summary of the City’s long-term liabilities at December 31, 2022 and December 31, 2021 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>December 31,</u>		<u>December 31,</u>		<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Serial bonds payable	\$ 13,253,956	\$ 14,675,013	\$ 4,156,044	\$ 4,633,987	\$ 17,410,000	\$ 19,309,000
Premium on serial bonds	448,094	512,072	263,205	291,185	711,299	803,257
Net serial bonds payable	13,702,050	15,187,085	4,419,249	4,925,172	18,121,299	20,112,257
Compensated absences	1,825,283	1,644,663	114,381	96,661	1,939,664	1,741,324
Retirement payable	115,029	169,922	-	-	115,029	169,922
Net pension liability	1,548,561	4,317,614	-	37,581	1,548,561	4,355,195
OPEB obligation	111,839,050	182,062,107	7,062,611	8,805,845	118,901,661	190,867,952
Total	<u>\$ 129,029,973</u>	<u>\$ 203,381,391</u>	<u>\$ 11,596,241</u>	<u>\$ 13,865,259</u>	<u>\$ 140,626,214</u>	<u>\$ 217,246,650</u>

Additional information on the City’s long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budget

The unemployment rate, not seasonally adjusted, for the County of Chautauqua during December 2022 was 3.9 percent, as compared to New York State’s unemployment rate of 4.1 percent.

The City considered current operational expenses and estimated increases based on economic factors when establishing the 2023 budget. During the City’s budget process for the 2023 fiscal year, the City appropriated a total of \$378,136 of fund balance. This amount is reported as assigned to subsequent year’s expenditures within the General Fund as of December 31, 2022.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ericka Thomas, Comptroller, City of Jamestown, 200 East 3rd Street, Jamestown, New York 14701.

BASIC FINANCIAL STATEMENTS

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CITY OF JAMESTOWN, NEW YORK
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,453,863	\$ 17,200,830	\$ 21,654,693
Restricted cash and cash equivalents	25,271,219	1,296,701	26,567,920
Investments	-	17,634,758	17,634,758
Accounts receivable	21,704	6,598,398	6,620,102
Lease receivable	602,876	-	602,876
Intergovernmental receivables	5,560,483	-	5,560,483
Due from Custodial Fund	4,692	-	4,692
Internal balances	(10,013)	10,013	-
Prepaid items	1,043,833	3,706,326	4,750,159
Inventories	128,064	1,231,962	1,360,026
Other current and accrued assets	-	41,554	41,554
Non-utility property	-	430,257	430,257
Net pension asset	2,003,254	2,997,500	5,000,754
Capital assets not being depreciated	4,077,165	4,731,613	8,808,778
Capital assets, net of accumulated depreciation	54,329,880	135,857,746	190,187,626
Real estate held for sale	-	212,018	212,018
Loans receivable, net of allowance	-	662,981	662,981
Charges for future benefits	-	1,110,077	1,110,077
Total assets	<u>97,487,020</u>	<u>193,722,734</u>	<u>291,209,754</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows—relating to pensions	18,603,747	8,710,408	27,314,155
Deferred outflows—relating to OPEB	5,103,997	441,702	5,545,699
Total deferred outflows of resources	<u>23,707,744</u>	<u>9,152,110</u>	<u>32,859,854</u>
LIABILITIES			
Accounts payable	3,789,454	3,110,184	6,899,638
Accrued liabilities	1,345,331	31,792	1,377,123
Intergovernmental payables	23,854	-	23,854
Bond anticipation notes payable	1,768,000	-	1,768,000
Unearned revenue	23,980,758	1,101,166	25,081,924
Customer deposits	-	399,037	399,037
Other current and accrued liabilities	-	3,077,468	3,077,468
Noncurrent liabilities:			
Due within one year	1,701,366	519,918	2,221,284
Due in more than one year	127,328,607	11,076,323	138,404,930
Total liabilities	<u>159,937,370</u>	<u>19,315,888</u>	<u>179,253,258</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows—relating to pensions	22,836,334	12,859,020	35,695,354
Deferred inflows—relating to OPEB	57,218,830	1,579,038	58,797,868
Deferred inflows—relating to leases	453,947	-	453,947
Deferred gain on refunding	-	4,307	4,307
Total deferred inflows of resources	<u>80,509,111</u>	<u>14,442,365</u>	<u>94,951,476</u>
NET POSITION			
Net investment in capital assets	41,113,939	136,170,110	177,284,049
Restricted for:			
Economic development	238,017	-	238,017
Plant dismantling	-	1,338,472	1,338,472
Overhaul	-	2,513,859	2,513,859
Energy conservation	-	747,579	747,579
Unrestricted	(160,603,673)	28,346,571	(132,257,102)
Total net position	<u>\$ (119,251,717)</u>	<u>\$ 169,116,591</u>	<u>\$ 49,864,874</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Activities
Year Ended December 31, 2022

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government support	\$ 5,257,849	\$ 531,273	\$ 62,324	\$ 719,111	\$ (3,945,141)	\$ -	\$ (3,945,141)
Public safety	14,090,845	675,527	411,751	735,175	(12,268,392)	-	(12,268,392)
Health	433,348	-	12,313	388,247	(32,788)	-	(32,788)
Transportation	6,047,956	42,998	-	2,881,508	(3,123,450)	-	(3,123,450)
Economic assistance and opportunity	109,250	-	100,000	-	(9,250)	-	(9,250)
Culture and recreation	1,969,283	38,918	-	53,825	(1,876,540)	-	(1,876,540)
Home and community services	5,817,244	224,100	344,789	4,664,265	(584,090)	-	(584,090)
Interest and other fiscal charges	522,639	-	-	-	(522,639)	-	(522,639)
Total governmental activities	<u>34,248,414</u>	<u>1,512,816</u>	<u>931,177</u>	<u>9,442,131</u>	<u>(22,362,290)</u>	<u>-</u>	<u>(22,362,290)</u>
Business-type activities:							
Jamestown Board of Public Utilities	53,367,054	58,699,789	-	2,578,000	-	7,910,735	7,910,735
Jamestown Urban Renewal Agency	873,994	568,732	-	481,868	-	176,606	176,606
Jamestown Local Development Corporation	1,050,891	31,466	-	734,120	-	(285,305)	(285,305)
Total business-type activities	<u>55,291,939</u>	<u>59,299,987</u>	<u>-</u>	<u>3,793,988</u>	<u>-</u>	<u>7,802,036</u>	<u>7,802,036</u>
Total primary government	<u>\$ 89,540,353</u>	<u>\$ 60,812,803</u>	<u>\$ 931,177</u>	<u>\$ 13,236,119</u>	<u>\$ (22,362,290)</u>	<u>7,802,036</u>	<u>(14,560,254)</u>
General revenues:							
Real property taxes and tax items					16,401,169	-	16,401,169
Nonproperty tax items					8,656,871	-	8,656,871
Board of Public Utilities - PILOT					4,044,675	-	4,044,675
Use of money and property					41,668	84,296	125,964
Sale of property and compensation for loss					5,000	25,999	30,999
State aid—unrestricted					5,849,346	-	5,849,346
Miscellaneous					678,648	1,338	679,986
Total general revenues					<u>35,677,377</u>	<u>111,633</u>	<u>35,789,010</u>
Change in net position					13,315,087	7,913,669	21,228,756
Net position—beginning, as restated					<u>(132,566,804)</u>	<u>161,202,922</u>	<u>28,636,118</u>
Net position—ending					<u>\$ (119,251,717)</u>	<u>\$ 169,116,591</u>	<u>\$ 49,864,874</u>

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

CITY OF JAMESTOWN, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2022

	<u>General</u>	<u>Special Grant</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,453,863	\$ -	\$ -	\$ 4,453,863
Restricted cash and cash equivalents	23,357,200	629,481	1,284,538	25,271,219
Receivables	21,704	-	-	21,704
Lease receivable	602,876	-	-	602,876
Intergovernmental receivables	5,262,021	298,462	-	5,560,483
Due from other funds	669,003	-	-	669,003
Prepaid items	1,043,833	-	-	1,043,833
Inventories	128,064	-	-	128,064
Total assets	<u>\$ 35,538,564</u>	<u>\$ 927,943</u>	<u>\$ 1,284,538</u>	<u>\$ 37,751,045</u>
LIABILITIES				
Accounts payable	\$ 1,289,816	\$ 9,950	\$ 2,489,688	\$ 3,789,454
Accrued liabilities	1,180,869	-	-	1,180,869
Intergovernmental payables	23,854	-	-	23,854
Due to other funds	-	56,418	607,893	664,311
Bond anticipation notes payable	-	-	1,768,000	1,768,000
Unearned revenue	<u>23,357,200</u>	<u>623,558</u>	<u>-</u>	<u>23,980,758</u>
Total liabilities	<u>25,851,739</u>	<u>689,926</u>	<u>4,865,581</u>	<u>31,407,246</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to leases	<u>453,947</u>	<u>-</u>	<u>-</u>	<u>453,947</u>
Total deferred inflows of resources	<u>453,947</u>	<u>-</u>	<u>-</u>	<u>453,947</u>
FUND BALANCES (DEFICIT)				
Nonspendable	1,171,897	-	-	1,171,897
Restricted	-	238,017	-	238,017
Assigned	378,136	-	-	378,136
Unassigned	<u>7,682,845</u>	<u>-</u>	<u>(3,581,043)</u>	<u>4,101,802</u>
Total fund balances (deficit)	<u>9,232,878</u>	<u>238,017</u>	<u>(3,581,043)</u>	<u>5,889,852</u>
Total liabilities and fund balances (deficit)	<u>\$ 35,538,564</u>	<u>\$ 927,943</u>	<u>\$ 1,284,538</u>	<u>\$ 37,751,045</u>

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

CITY OF JAMESTOWN, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2022

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

Total fund balances (deficit)—governmental funds (page 16)	\$	5,889,852
Net pension assets are not current financial resources and, therefore, are not reported in the fund statements.		2,003,254
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is \$118,463,440 and the accumulated depreciation is \$60,056,395.		58,407,045
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows of resources related to employer contributions	\$ 2,747,919	
Deferred outflows related to experience, change of assumptions, and investment earnings	15,855,828	
Deferred inflows related to pension plans	(22,836,334)	
Deferred outflows of resources related to OPEB	5,103,997	
Deferred inflows of resources related to OPEB	<u>(57,218,830)</u>	(56,347,420)
Net accrued interest expense for serial bonds and bond anticipation notes is not reported in the fund statements.		(164,462)
Notes payable due to the Jamestown Board of Public Utilities are not a current liability and, therefore, are not reported in the funds.		(10,013)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (13,253,956)	
Unamortized bond premiums	(448,094)	
Compensated absences	(1,825,283)	
Retirement payable	(115,029)	
Net pension liability	(1,548,561)	
OPEB obligation	<u>(111,839,050)</u>	<u>(129,029,973)</u>
Net position of governmental activities		<u>\$ (119,251,717)</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2022

	<u>General</u>	<u>Special Grant</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 16,123,271	\$ -	\$ -	\$ 16,123,271
Real property tax items	277,898	-	-	277,898
Board of Public Utilities - PILOT	4,044,675	-	-	4,044,675
Nonproperty tax items	8,656,871	-	-	8,656,871
Departmental income	950,071	-	-	950,071
Intergovernmental charges	310,560	-	-	310,560
Use of money and property	41,668	-	-	41,668
Licenses and permits	220,713	-	-	220,713
Fines and forfeitures	31,472	-	-	31,472
Sale of property and compensation for loss	5,000	-	-	5,000
Miscellaneous	102,134	434,503	142,011	678,648
State aid	9,520,969	396,338	-	9,917,307
Federal aid	4,731,838	1,573,509	-	6,305,347
Total revenues	<u>45,017,140</u>	<u>2,404,350</u>	<u>142,011</u>	<u>47,563,501</u>
EXPENDITURES				
Current:				
General government support	4,887,636	33,260	-	4,920,896
Public safety	12,729,554	168,228	-	12,897,782
Health	388,247	8,410	-	396,657
Transportation	5,535,879	-	-	5,535,879
Economic assistance and opportunity	100,000	-	-	100,000
Culture and recreation	1,787,544	15,001	-	1,802,545
Home and community services	3,180,023	2,144,679	-	5,324,702
Employee benefits	10,704,081	-	-	10,704,081
Debt service:				
Principal	1,427,568	-	-	1,427,568
Interest and other fiscal charges	570,886	-	17,456	588,342
Capital outlay	-	-	5,978,884	5,978,884
Total expenditures	<u>41,311,418</u>	<u>2,369,578</u>	<u>5,996,340</u>	<u>49,677,336</u>
Excess (deficiency) of revenues over expenditures	<u>3,705,722</u>	<u>34,772</u>	<u>(5,854,329)</u>	<u>(2,113,835)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,523,109	2,523,109
Transfers out	<u>(2,523,109)</u>	<u>-</u>	<u>-</u>	<u>(2,523,109)</u>
Total other financing sources (uses)	<u>(2,523,109)</u>	<u>-</u>	<u>2,523,109</u>	<u>-</u>
Net change in fund balances	1,182,613	34,772	(3,331,220)	(2,113,835)
Fund balances (deficit)—beginning, as restated	<u>8,050,265</u>	<u>203,245</u>	<u>(249,823)</u>	<u>8,003,687</u>
Fund balances (deficit)—ending	<u>\$ 9,232,878</u>	<u>\$ 238,017</u>	<u>\$ (3,581,043)</u>	<u>\$ 5,889,852</u>

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

CITY OF JAMESTOWN, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2022

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances (deficit)—total governmental funds (page 18) \$ (2,113,835)

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

Capital asset additions, net	\$ 10,414,066	
Gain on disposal of assets	39,073	
Depreciation expense	<u>(4,175,031)</u>	6,278,108

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

City pension contributions	\$ 3,373,384	
Cost of benefits earned net of employee contributions	<u>(1,239,207)</u>	2,134,177

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.

Deferred outflows relating to OPEB	\$ (7,473,371)	
Deferred inflows relating to OPEB	<u>(57,218,830)</u>	(64,692,201)

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. 118,237

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 1,725

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and other related items is as follows:

Repayment of notes payable	\$ 6,511	
Repayment of serial bonds	1,421,057	
Amortization of premiums on serial bonds	63,978	
Change in compensated absences	(180,620)	
Repayment of retirement payable	54,893	
Change in OPEB obligation	<u>70,223,057</u>	<u>71,588,876</u>

Change in net position of governmental activities \$ 13,315,087

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

CITY OF JAMESTOWN, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2022

	Business-type Activities			Total Enterprise Funds
	Board of Public Utilities	Urban Renewal Agency	Local Development Corporation	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,782,479	\$ 6,872	\$ 1,411,479	\$ 17,200,830
Restricted cash and cash equivalents	-	-	1,296,701	1,296,701
Investments	17,634,758	-	-	17,634,758
Receivables	6,242,119	8,000	348,279	6,598,398
Internal balances	10,013	-	-	10,013
Prepaid items	3,693,886	12,440	-	3,706,326
Inventories	1,231,962	-	-	1,231,962
Other current and accrued assets	41,554	-	-	41,554
Loans receivable, current portion	-	-	126,566	126,566
Total current assets	<u>44,636,771</u>	<u>27,312</u>	<u>3,183,025</u>	<u>47,847,108</u>
Noncurrent assets:				
Non-utility property	430,257	-	-	430,257
Capital assets not being depreciated	4,731,613	-	-	4,731,613
Capital assets, net of accumulated depreciation	135,857,746	-	-	135,857,746
Real estate held for sale	-	212,018	-	212,018
Loans receivable, net of allowance	-	-	536,415	536,415
Pension asset	2,887,520	109,980	-	2,997,500
Charges for future benefits	1,110,077	-	-	1,110,077
Total noncurrent assets	<u>145,017,213</u>	<u>321,998</u>	<u>536,415</u>	<u>145,875,626</u>
Total assets	<u>189,653,984</u>	<u>349,310</u>	<u>3,719,440</u>	<u>193,722,734</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	8,434,052	276,356	-	8,710,408
Deferred outflows—relating to OPEB	416,688	25,014	-	441,702
Total deferred outflows of resources	<u>8,850,740</u>	<u>301,370</u>	<u>-</u>	<u>9,152,110</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,896,046	10,603	203,535	3,110,184
Accrued interest	27,749	-	-	27,749
Due to other divisions	4,043	-	-	4,043
Consumer deposits	399,037	-	-	399,037
Other current and accrued liabilities	3,065,165	12,303	-	3,077,468
Unearned revenue	-	-	1,101,166	1,101,166
Current maturities of bonds payable	508,480	-	-	508,480
Total current liabilities	<u>6,900,520</u>	<u>22,906</u>	<u>1,304,701</u>	<u>8,228,127</u>
Noncurrent liabilities:				
Bonds payable, less current maturities	3,910,769	-	-	3,910,769
Compensated absences	-	114,381	-	114,381
OPEB obligation	4,844,234	2,218,377	-	7,062,611
Total noncurrent liabilities	<u>8,755,003</u>	<u>2,332,758</u>	<u>-</u>	<u>11,087,761</u>
Total liabilities	<u>15,655,523</u>	<u>2,355,664</u>	<u>1,304,701</u>	<u>19,315,888</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	12,461,595	397,425	-	12,859,020
Deferred inflows—relating to OPEB	583,695	995,343	-	1,579,038
Deferred gain on refunding	4,307	-	-	4,307
Total deferred inflows of resources	<u>13,049,597</u>	<u>1,392,768</u>	<u>-</u>	<u>14,442,365</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	136,170,110	-	-	136,170,110
Restricted for:				
Plant dismantling	1,338,472	-	-	1,338,472
Overhaul	2,513,859	-	-	2,513,859
Energy conservation	747,579	-	-	747,579
Unrestricted	29,029,584	(3,097,752)	2,414,739	28,346,571
Total net position (deficit)	<u>\$ 169,799,604</u>	<u>\$ (3,097,752)</u>	<u>\$ 2,414,739</u>	<u>\$ 169,116,591</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended December 31, 2022

	Business-type Activities			Total Enterprise Funds
	Board of Public Utilities	Urban Renewal Agency	Local Development Corporation	
Operating revenues:				
Utility charges	\$ 58,699,789	\$ -	\$ -	\$ 58,699,789
Grants	-	481,868	734,120	1,215,988
Program income and administrative fees	-	568,732	31,466	600,198
Miscellaneous	-	1,038	300	1,338
Total operating revenues	<u>58,699,789</u>	<u>1,051,638</u>	<u>765,886</u>	<u>60,517,313</u>
Operating expenses:				
Contractual	31,516,605	718,971	-	32,235,576
Depreciation	7,683,354	-	-	7,683,354
Administrative and general	5,840,929	155,023	1,050,891	7,046,843
Landfill tipping fees	341,610	-	-	341,610
Taxes	864,850	-	-	864,850
Contributions in lieu of taxes	5,590,445	-	-	5,590,445
Repairs and maintenance	1,060,045	-	-	1,060,045
Total operating expenses	<u>52,897,838</u>	<u>873,994</u>	<u>1,050,891</u>	<u>54,822,723</u>
Operating income (loss)	<u>5,801,951</u>	<u>177,644</u>	<u>(285,005)</u>	<u>5,694,590</u>
Nonoperating revenues (expenses):				
Other grants	2,578,000	-	-	2,578,000
Interest income	82,032	-	2,264	84,296
Interest expense	(93,609)	-	-	(93,609)
Change in fair value of investments	(375,607)	-	-	(375,607)
Gain on sale of assets	25,999	-	-	25,999
Total nonoperating revenues (expenses)	<u>2,216,815</u>	<u>-</u>	<u>2,264</u>	<u>2,219,079</u>
Change in net position	8,018,766	177,644	(282,741)	7,913,669
Net position—beginning, as restated	<u>161,780,838</u>	<u>(3,275,396)</u>	<u>2,697,480</u>	<u>161,202,922</u>
Net position—ending	<u>\$ 169,799,604</u>	<u>\$ (3,097,752)</u>	<u>\$ 2,414,739</u>	<u>\$ 169,116,591</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2022

	<u>Business-type Activities</u>			Total Enterprise Funds
	Board of Public Utilities	Urban Renewal Agency	Local Development Corporation	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from services provided	\$ 59,524,788	\$ 1,042,411	\$ 1,980,649	\$ 62,547,848
Cash payments for contractual expenses	(40,970,692)	(1,066,405)	(848,448)	(42,885,545)
Cash paid for payments in lieu of taxes	<u>(6,455,295)</u>	<u>-</u>	<u>-</u>	<u>(6,455,295)</u>
Net cash provided by (used for) operating activities	<u>12,098,801</u>	<u>(23,994)</u>	<u>1,132,201</u>	<u>13,207,008</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction	(8,557,525)	-	-	(8,557,525)
Proceeds from sale of capital assets	25,999	-	-	25,999
Principal payments on long-term debt	(477,943)	-	-	(477,943)
Interest paid on long-term debt	(135,746)	-	-	(135,746)
Proceeds from grant funding	2,426,000	-	-	2,426,000
Payments from Jamestown	<u>19,205</u>	<u>-</u>	<u>-</u>	<u>19,205</u>
Net cash used for capital and related financing activities	<u>(6,700,010)</u>	<u>-</u>	<u>-</u>	<u>(6,700,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in derivative	(412,920)	-	2,264	(410,656)
Purchase of investments	<u>(13,340,694)</u>	<u>-</u>	<u>-</u>	<u>(13,340,694)</u>
Net cash provided by investing activities	<u>(13,753,614)</u>	<u>-</u>	<u>2,264</u>	<u>(13,751,350)</u>
Net increase (decrease) in cash and equivalents	(8,354,823)	(23,994)	1,134,465	(7,244,352)
Cash and equivalents—beginning	<u>24,137,302</u>	<u>30,866</u>	<u>1,573,715</u>	<u>25,741,883</u>
Cash and equivalents—ending	<u>\$ 15,782,479</u>	<u>\$ 6,872</u>	<u>\$ 2,708,180</u>	<u>\$ 18,497,531</u>
Reconciliation from operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 5,801,951	\$ 177,644	\$ (285,005)	\$ 5,694,590
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,683,354	-	-	7,683,354
Prior period adjustment	264,084	-	-	264,084
Decrease (increase) in accounts receivable	735,086	9,227	(204,355)	539,958
(Increase) decrease in prepaids	(203,697)	2,920	-	(200,777)
Decrease in loans receivable	-	-	317,952	317,952
(Increase) in other current and accrued assets	(893)	-	-	(893)
(Increase) in charges for future benefits	(5,048)	-	-	(5,048)
(Increase) in inventory	(310,126)	-	-	(310,126)
Increase in account payable	905,227	5,536	202,443	1,113,206
Increase in customer deposits	21,777	-	-	21,777
(Increase) decrease in deferred outflows of resources	(136,797)	81,031	-	(55,766)
(Decrease) increase in other current and accrued liabilities	(962,209)	1,196	-	(961,013)
Increase in unearned revenue	-	-	1,101,166	1,101,166
Increase in compensated absences	-	17,720	-	17,720
(Decrease) in economic development liability	(17,751)	-	-	(17,751)
(Decrease) in OPEB liability	(459,905)	(1,283,329)	-	(1,743,234)
(Decrease) in net pension liability	(2,924,121)	(110,960)	-	(3,035,081)
Increase in deferred inflows of resources	1,706,991	1,075,021	-	2,782,012
Increase in due to other divisions	<u>878</u>	<u>-</u>	<u>-</u>	<u>878</u>
Total adjustments	<u>6,296,850</u>	<u>(201,638)</u>	<u>1,417,206</u>	<u>7,512,418</u>
Net cash provided by (used for) operating activities	<u>\$ 12,098,801</u>	<u>\$ (23,994)</u>	<u>\$ 1,132,201</u>	<u>\$ 13,207,008</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Fund
December 31, 2022

	Custodial Fund
ASSETS	
Restricted cash and cash equivalents	\$ 89,530
Total assets	<u>89,530</u>
LIABILITIES	
Due to other funds	<u>4,692</u>
Total liabilities	<u>4,692</u>
NET POSITION	
Restricted for asset forfeiture	<u>84,838</u>
Total net position	<u>\$ 84,838</u>

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

CITY OF JAMESTOWN, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Fund
Year Ended December 31, 2022

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 73,565
Total additions	73,565
 DEDUCTIONS	
Funds distributed on behalf of others	9,148
Total deductions	9,148
Change in net position	64,417
Net position—beginning	20,421
Net position—ending	\$ 84,838

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

CITY OF JAMESTOWN, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Jamestown, New York (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting principles are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The City, which was established in 1886, is governed by City Law and other general laws of the State of New York and various local laws. The City Council is the legislative body responsible for overall operations and the Mayor serves as chief fiscal officer. The City is located in the County of Chautauqua, New York.

The City provides the following basic services: general government support, police and fire protection, safety inspection, highway maintenance, recreation programs, water service, street lighting, garbage collection, electric and district heating services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary governments’ operations, even though they are legally separate entities. Thus, the blended component units are appropriately presented as business-type activities funds within the primary government.

Blended Component Units—The following blended component units are legally separate entities from the City, but are, in substance, part of the City’s operations and therefore data from these units are combined with data of the primary government.

Jamestown Board of Public Utilities—The Jamestown Board of Public Utilities (the “JBPU”) was established under Section 50 of the Jamestown City Charter to supply the Jamestown area, as well as other municipalities, with electricity, water, sewer, sanitation, and district heating services. The JBPU is included as a blended component unit because the City Council appoints a voting majority of JBPU’s governing board and is obligated to provide for any deficiency in sinking fund requirements for the JBPU’s bonds outstanding. Separate financial statements for the JBPU may be obtained by contacting Jamestown Board of Public Utilities, PO Box 700, 92 Steele Street, Jamestown, NY 14702.

Jamestown Urban Renewal Agency—The Jamestown Urban Renewal Agency (the “JURA”) is an independent public benefit corporation established by New York State Legislature on June 21, 1966. The responsibilities of JURA include housing, building, and zoning code enforcement, housing rehabilitation and development, public infrastructure improvement, industrial and commercial site preparation, downtown development, land banking activities, community and economic development planning activities, alternative energy sources, historic preservation and annual administration of the City’s Community Development Block Grants and Home Investment Partnership Program. JURA is included as a blended component unit because the City Council appoints a majority of JURA’s governing board and can impose its will on JURA through personnel administration. Separate financial statements for JURA may be obtained by contacting Jamestown Urban Renewal Agency, Third Floor, Municipal Building, 200 East Third Street, Jamestown, NY 14701.

Jamestown Local Development Corporation—The Jamestown Local Development Corporation (the “JLDC”) was incorporated under Section 805 of the Not-for-Profit Corporation Law of the State of New York on May 22, 1981. JLDC is a not-for-profit corporation that was formed to further the development and financing of related infrastructure of the City. JLDC offers fixed, low interest rate loans for a variety of purposes including business startup, real estate acquisition and renovation, machinery and equipment purchases, local artisan development, downtown restaurant development, technology based business development, and energy efficiency improvements to commercial and industrial buildings. JLDC is included as a blended component unit because the City Council appoints a majority of JLDC’s governing board and can impose its will on JLDC through personnel administration. Separate financial statements for JLDC may be obtained by contacting Jamestown Local Development Corporation, Third Floor, Municipal Building, 200 East Third Street, Jamestown, NY 14701.

Excluded from the Financial Reporting Entity—Although the following are related to the City, they are not included in the City’s reporting entity.

Jamestown Community College—Jamestown Community College (the “College”) is a locally sponsored, two-year community college founded in 1950. The College is part of a statewide system of two-year institutions designed to provide technical, para-professional, and university parallel education. The College is one of thirty community colleges within the State University of New York (“SUNY”). SUNY Community Colleges are financed by New York State, student tuition, and sponsor contributions. In 1996, the State of New York amended Article 126 of the Education Law through Chapter 144 of the Laws of 1996. The law changed sponsorship of the College from the City of Jamestown to the Jamestown Community College Region, effective September 1, 1996. This region is made up of the City, Chautauqua County, and Cattaraugus County. The College is excluded from the financial reporting entity because the City does not appoint a voting majority of the Board of Trustees and the College is not fiscally dependent on the City. Further information can be obtained by writing Jamestown Community College, Administration Office, 525 Falconer Street, Jamestown, New York 14701.

Jamestown Housing Authority—Jamestown Housing Authority (the “Authority”) was established pursuant to the laws of the State of New York to provide low rent housing for qualified individuals in accordance with rules and regulations prescribed by the Department of Housing and Urban Development and other Federal Agencies. The Authority is excluded from the financial reporting entity because the City does not appoint a voting majority of the Authority’s board and the Authority is not fiscally dependent on the City. Further information can be obtained by writing Jamestown Housing Authority, 110 West Third Street, Jamestown, New York 14701.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while the business-type activity incorporates data from the City's blended component unit enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the government. Elimination of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

The City reports the following major governmental funds:

- *General Fund*—This fund is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in other funds.
- *Special Grant Fund*—This fund is used to account for various grants and the associated expenditures related to those grants.
- *Capital Projects Fund*—This fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The City reports the following major enterprise funds:

- *Jamestown Board of Public Utilities*—The JBPU supplies the Jamestown area with electricity, water, sewer, sanitation, and district heating services.
- *Jamestown Urban Renewal Agency*—JURA has responsibilities that include code enforcement, housing rehabilitation, public infrastructure improvement, site preparation, downtown development, land banking services, historic preservation and administration of grants.
- *Jamestown Local Development Corporation*—JLDC was formed to further the development and financing of related infrastructure of the City by offering low interest loans for a variety of purposes.

Additionally, the City reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary fund include monies from outside entities, controlled and administered by the City for the benefit of others.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are recorded at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The City’s cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. Investments are recorded at fair value in accordance with GASB.

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

Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs.

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

Inventory—Inventory associated with the governmental activities is valued using the first-in first out (“FIFO”) method.

Loans Receivable—Represent amounts owed to the City for economic development loans. Management evaluates an allowance for doubtful accounts and will make adjustments as necessary.

Noncurrent Net Pension Asset—The City reported an asset for its proportionate share of the net pension asset for the Employees’ Retirement System. Refer to Note 7 for additional information related to the City’s net pension assets.

Real Estate Held for Sale—In the course of conducting its urban renewal activities, JURA acquires real property for use in future urban renewal projects. The value recorded for this property is established by its acquisition cost and additional cost of improvements made on the property until the asset is ready for sale. When the property is ready for sale, market value can be established. During the year ended December 31, 2022, JURA did not sell any property.

Capital Assets—The City’s buildings, building improvements, land improvements, infrastructure, machinery and equipment, and vehicles with estimated useful lives of more than two years are stated at historical cost and comprehensively reported in the applicable governmental or business-type activities column in the government-wide financial statements and proprietary fund financial statements. The City maintains infrastructure asset records consistent with all other capital assets. The City generally capitalizes assets with costs of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are incurred. Donated capital assets are recorded at acquisition value at the date of donation.

Land and construction in progress are not depreciated. The remaining capital assets being depreciated using the straight-line method over the useful lives presented on the following page.

Assets	Years
Buildings	40
Building improvements	20
Maintenance equipment	15
Land improvements	20
Infrastructure:	
Streets	20-40
Sidewalks	20-40
Storm sewers	50
Machinery and equipment:	
Furniture	10
Heavy equipment	15
Vehicles	5

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2022, the City has two items that qualify for reporting in this category, which are reported in the government-wide financial statements as well as within individual proprietary funds. The first item is related to pensions and represents the effect of the net change in the City’s proportion of the collective net pension liability, and the difference during the measurement period between the City’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB and represents the effects of the change in the City’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial 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. At December 31, 2022, the City has four items that qualify for reporting in this category, which are reported in the government-wide financial statements as well as within individual proprietary funds. The first item represents the effect of the net change in the City’s proportion of the collective net pension liability and the difference during the measurement periods between the City’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the City’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB

liability. The third item is related to leases receivable and reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the City's lease receivable and amortized over the life of the lease. The final item is related to a deferred gain on refunding, which the City reports within its business-type activities.

Net Position Flow Assumption—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's position to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Flow Assumptions—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Common Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Real Property Taxes—The City’s real property taxes are levied annually on January 1, and are due January 31. In addition, the City collects real property taxes on behalf of the County of Chautauqua, New York (the “County”). The City maintains a real property tax collection and enforcement agreement with the County. Pursuant to the terms of the agreement, on or about April 1 of each year, all City and County taxes which remain unpaid are submitted to the County for collection and enforcement.

On April 1 of each year, the City is required to remit to the County all taxes collected by the City on behalf of the County minus any deficiency in the collection of City taxes up to 100% of the City’s tax levy. The real property tax collection and enforcement agreement with the County guarantees the City 100% of its tax levy.

Real property taxes and similar items collected within 60 days following December 31 are recognized as revenue. Unearned revenues include real property taxes and similar items not collected within this period.

Miscellaneous Revenue—Represent various gifts and donations related and grants from outside entities.

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2022, the City reported unearned revenues of \$23,357,200 and \$623,558 within the General Fund and Special Grant Fund, respectively, primarily for unspent American Rescue Plan Act funds.

Constitutional Tax Limit—The amount that may be raised by the City-wide tax levy on real estate in any fiscal year (for purposes other than debt service on City indebtedness and budgetary appropriations for capital expenditures) is limited to two percent of the five-year average full valuation of taxable real estate of the City.

The City constitutional tax limit for the fiscal year ended December 31, 2022 is computed as follows:

Five-year average full valuation of taxable real estate (2017-2021)	\$ 691,919,491
Tax limit at 2.0%	13,838,390
Exclusions from tax limit	<u>2,921,677</u>
Total taxing power	16,760,067
Tax levy	<u>16,127,128</u>
Constitutional tax margin	<u>\$ 632,939</u>

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

Payment of compensated absences recorded in the general government long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future

payment is not readily determinable. However management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due. More information regarding compensated absences is included in Note 11.

Proprietary Fund Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the business-type activities are utility charges. Operating expenses for the business-type activities include utility delivery, administration, and contributions in lieu of taxes. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension Plans—The City is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”) and the New York State Police and Fire Retirement System (“PFRS”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the City provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 8.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2022, the City implemented GASB Statements No. 87, *Leases*. The implementation of GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The implementation of GASB Statement No. 87 is discussed further in Note 2.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*, and a portion of No. 99, *Omnibus 2022*, effective for the fiscal year ending December 31, 2023; the remainder of No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; and No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025. The City is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100, 101, and 102 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets

No later than September 30, the City Comptroller submits a tentative budget to the City for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted to obtain taxpayer comments, no later than December 1st, the City Council adopts the budget. All modifications of the budget must be approved by the City Council.

The appropriated budget for each fund is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfers appropriations without Council approval. Revisions to the budget were made throughout the year.

Deficit Fund Balances—At December 31, 2022, the Capital Projects Fund reported a fund balance deficit of \$3,581,043. The deficit is primarily caused by the City’s issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). When the cash from the BAN is spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. As a result of the implementation, the City’s lease receivable and deferred inflows of resources were restated as of December 31, 2021. Accordingly, General Fund fund balance has been restated from \$7,905,016 to \$8,050,265 and net position has been restated from \$(132,712,053) to \$(132,566,804).

During the fiscal year ended December 31, 2022, the BPU eliminated certain accrued assets and liabilities related to the recording of sales tax, accrued retirement, and collections items. As a result of these adjustments, the City’s business-type activities’ net position at December 31, 2021 was restated from \$160,938,838 to \$161,202,922.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City’s investment policies are governed by New York State statutes. The City also has its own written investment guidelines which have been established by the Common Council. City monies must be deposited in Federal Deposit Insurance Corporation (“FDIC”) insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, contractual repurchase agreements, and obligations of New York State or its localities. Investments with maturities of less than three months are considered to be cash equivalents.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents including restricted amounts reported by the City at December 31, 2022 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 10,000	\$ -	\$ -	\$ 10,000
Deposits	29,715,082	18,497,531	89,530	48,302,143
Total	<u>\$ 29,725,082</u>	<u>\$ 18,497,531</u>	<u>\$ 89,530</u>	<u>\$ 48,312,143</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2022 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by pledging bank's agent in the City's name	<u>47,424,958</u>	<u>47,802,143</u>
Total deposits	<u>\$47,924,958</u>	<u>\$48,302,143</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2022, the City's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the City's name.

Restricted Cash and Cash Equivalents—The City reports fund balance restrictions, unearned revenue related to cash received in advance, unspent debt proceeds, and amounts held on behalf of others as restricted cash and cash equivalents. At December 31, 2022, the City reports restricted cash of \$23,357,200 within the General Fund, \$629,481 within the Special Grant Fund, \$1,284,538 within the Capital Projects Fund, \$1,296,701 within business-type activities, and \$89,530 within the Custodial Fund.

Investments—All investments are reporting using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as presented below:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the City has access at the measurement date.

- Level 2. Inputs other than quote prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rate yield curves); and
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

Investments reported within business-type activities at December 31, 2022 are as follows:

	12/31/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes	\$ 17,634,758	\$ 17,634,758	\$ -	\$ -

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

Custodial Credit Risk—Investments—Credit risk is defined as the risk that an issuer or other counterpart to an investment in debt securities will not fulfill its obligation. The City’s investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. U.S. Treasury notes are backed by the full faith and credit of the U.S. government and are considered to be of the highest credit quality.

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single financial institution. The City’s investment policy places limits on the amount the City may invest in any one financial institution to \$25 million. As of December 31, 2022, the City’s investments in any single financial institution do not exceed the limit established by its policy.

4. RECEIVABLES

Major revenues accrued by the City at December 31, 2022 consisted of the following:

Accounts Receivable—Represents amounts due from various sources. Receivables at December 31, 2022 are as follows:

General Fund:	
Department of Public Works	\$ 21,704
Total governmental funds	<u>\$ 21,704</u>
Proprietary funds:	
JBPU—utility payments	\$ 6,242,119
JURA—services	8,000
JLDC—services	<u>348,279</u>
Total proprietary funds	<u>\$ 6,598,398</u>

Leases Receivable—During the year ended December 31, 2022, the City recognized leases of building space to third parties, under the requirements of GASB 87, *Leases*. The City recognized \$129,980 in lease revenue and \$32,608 in interest revenue during the current fiscal year related to the leases. As of December 31, 2022, the City’s receivable for lease payments was \$602,876. The City reports a corresponding deferred inflow of resources that will be recognized as revenue over the lease term.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Chautauqua or other local governments. Intergovernmental receivables at December 31, 2022 are as follows:

Governmental funds:	
General Fund:	
Chautauqua County—sales tax	\$ 2,061,532
State aid—economic development grants	1,896,227
State aid—CHIPs	319,744
Other	<u>984,518</u> \$ 5,262,021
Special Grant Fund:	
State aid	<u>298,462</u>
Total governmental funds	<u>\$ 5,560,483</u>

Loans Receivable—Represents amounts owed to JLDC for economic development loans. The allowance for doubtful accounts is established based on prior collection experience and current economic factors which, in management’s judgement, could influence the ability to collect certain receivables. Loans receivable at December 31, 2022 are presented below:

	Balance
	<u>12/31/2022</u>
Loans receivable	\$ 1,342,981
Allowance for doubtful accounts	<u>(680,000)</u>
Total	<u>\$ 662,981</u>

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government’s governmental activities for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Increases and Adjustments	Decreases and Adjustments	Balance 12/31/2022
Capital assets, not being depreciated:				
Land	\$ 1,207,755	\$ -	\$ 48,730	\$ 1,159,025
Construction in progress	<u>2,371,360</u>	<u>546,780</u>	<u>-</u>	<u>2,918,140</u>
Total capital assets not being depreciated	<u>3,579,115</u>	<u>546,780</u>	<u>48,730</u>	<u>4,077,165</u>
Capital assets, being depreciated:				
Infrastructure	48,554,530	5,600,056	-	54,154,586
Buildings and building improvements	31,076,531	2,745,354	-	33,821,885
Machinery and equipment	20,825,191	553,220	398,637	20,979,774
Vehicles	<u>4,602,052</u>	<u>968,656</u>	<u>140,678</u>	<u>5,430,030</u>
Total capital assets being depreciated	<u>105,058,304</u>	<u>9,867,286</u>	<u>539,315</u>	<u>114,386,275</u>
Less accumulated depreciation for:				
Infrastructure	20,556,425	1,596,390	-	22,152,815
Buildings and building improvements	16,934,715	764,706	-	17,699,421
Machinery and equipment	15,772,860	1,230,805	317,190	16,686,475
Vehicles	<u>3,244,482</u>	<u>583,130</u>	<u>309,928</u>	<u>3,517,684</u>
Total accumulated depreciation	<u>56,508,482</u>	<u>4,175,031</u>	<u>627,118</u>	<u>60,056,395</u>
Total capital assets, being depreciated, net	<u>48,549,822</u>	<u>5,692,255</u>	<u>(87,803)</u>	<u>54,329,880</u>
Governmental activities capital assets, net	<u>\$ 52,128,937</u>	<u>\$ 6,239,035</u>	<u>\$ (39,073)</u>	<u>\$ 58,407,045</u>

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

Governmental activities:	
General government support	\$ 729,749
Public safety	292,058
Transportation	2,935,503
Culture and recreation	56,550
Home and community services	<u>161,171</u>
Total	<u>\$ 4,175,031</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (JBPU) for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022
Capital assets, not being depreciated				
Land	\$ 1,899,977	\$ 57,559	\$ 1	\$ 1,957,535
Construction in progress	<u>2,659,647</u>	<u>114,431</u>	<u>-</u>	<u>2,774,078</u>
Total capital assets not being depreciated	<u>4,559,624</u>	<u>171,990</u>	<u>1</u>	<u>4,731,613</u>
Capital assets being depreciated				
Electric division	178,058,607	4,093,540	389,480	181,762,667
Wastewater division	49,811,384	947,250	-	50,758,634
Water division	45,873,447	3,450,328	-	49,323,775
Solid waste division	4,348,736	93,282	197,259	4,244,759
District heat division	<u>10,588,617</u>	<u>17,263</u>	<u>3,256</u>	<u>10,602,624</u>
Total capital assets being depreciated	<u>288,680,791</u>	<u>8,601,663</u>	<u>589,995</u>	<u>296,692,459</u>
Less accumulated depreciation for:				
Electric division	88,102,770	5,516,127	148,588	93,470,309
Wastewater division	33,883,812	900,129	-	34,783,941
Water division	21,030,531	763,146	-	21,793,677
Solid waste division	1,995,644	330,667	203,117	2,123,194
District heat division	<u>8,490,307</u>	<u>173,285</u>	<u>-</u>	<u>8,663,592</u>
Total accumulated depreciation	<u>153,503,064</u>	<u>7,683,354</u>	<u>351,705</u>	<u>160,834,713</u>
Total capital assets, being depreciated, net	<u>135,177,727</u>	<u>918,309</u>	<u>238,290</u>	<u>135,857,746</u>
Business-type activities capital assets, net	<u>\$ 139,737,351</u>	<u>\$ 1,090,299</u>	<u>\$ 238,291</u>	<u>\$ 140,589,359</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by the City’s governmental funds at December 31, 2022 were as follows:

	General Fund
Salaries and wages	\$ 509,367
Health insurance claims	<u>671,502</u>
Total accrued liabilities	<u>\$ 1,180,869</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The City participates in the PFRS and ERS, cost-sharing multiple-employer retirement systems (the “Systems”). The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the

Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

Pension Liabilities/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2022, the City reported the following liabilities/(assets) for its proportionate share of the net pension liabilities/(assets) for PFRS and ERS. The net pension liabilities/(assets) were measured as of March 31, 2022. The total pension liabilities used to calculate the net pension liabilities/(assets) were determined by actuarial valuations as of April 1, 2021, with update procedures used to roll forward the total net pension liabilities/(assets) to the measurement date. The City’s proportion of the net pension liabilities/(assets) were based on projections of the City’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

	<u>PFRS</u>	<u>ERS</u>	
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Measurement date	March 31, 2022	March 31, 2022	March 31, 2022
Net pension liability/(asset)	\$ 1,548,561	\$ (2,003,254)	\$ (2,997,500)
City's portion of the Plan's total net pension liability	0.2726125%	0.0245058%	0.0366686%

For the year ended December 31, 2022, the City recognized pension expenses of \$1,229,201 and \$117,712 for PFRS and ERS, respectively. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	Governmental Activities	
Differences between expected and actual experiences	\$ 834,840	\$ -
Changes in assumption	9,268,470	-
Net difference between projected and actual earnings on pension plan investments	-	13,011,954
Changes in proportion and differences between the City's contributions and proportionate share of contributions	478,645	1,178,987
City contributions subsequent to the measurement date	<u>2,170,562</u>	<u>-</u>
Total	<u>\$ 12,752,517</u>	<u>\$ 14,190,941</u>

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 151,709	\$ 227,005	\$ 196,775	\$ 294,441
Changes in assumption	3,343,207	5,002,490	56,413	84,411
Net difference between projected and actual earnings on pension plan investments	-	-	6,559,818	9,815,555
Changes in proportion and differences between the City's contributions and proportionate share of contributions	1,778,957	2,611,644	1,832,387	2,664,613
City contributions subsequent to the measurement date	<u>577,357</u>	<u>869,269</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,851,230</u>	<u>\$ 8,710,408</u>	<u>\$ 8,645,393</u>	<u>\$ 12,859,020</u>

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS		ERS	
	Governmental Activities	Governmental Activities	Business-type Activities	
2023	\$ (853,472)	\$ (536,786)	\$ (794,787)	
2024	(1,233,681)	(759,998)	(1,130,477)	
2025	(3,191,277)	(1,713,563)	(2,559,413)	
2026	1,637,302	(361,173)	(533,204)	
2027	32,142	-	-	

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions as presented below:

	<u>PFRS</u>	<u>ERS</u>
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Interest rate	5.90%	5.90%
Salary scale	6.20%	4.40%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.70%	2.70%
Cost-of-living adjustments	1.40%	1.40%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2021 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>PFRS and ERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Measurement date	<u>March 31, 2022</u>	
Asset class:		
Domestic equities	32.0 %	3.3 %
International equities	15.0	5.9
Private equity	10.0	6.5
Real estate	9.0	5.0
Absolute return strategies	3.0	4.1
Credit	4.0	3.8
Real assets	3.0	5.6
Cash	23.0	0.0
Inflation-indexed bonds	1.0	(1.0)
Total	<u>100.0</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net

position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the City’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	PFRS		
	1%	Current	1%
	Decrease (4.9%)	Assumption (5.9%)	Increase (6.9%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 17,225,347	\$ 1,548,561	\$(11,427,656)
	ERS		
	1%	Current	1%
	Decrease (4.9%)	Assumption (5.9%)	Increase (6.9%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 5,156,354	\$ (2,003,254)	\$ (7,991,920)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 7,715,531	\$ (2,997,500)	\$(11,958,433)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation date, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2021	April 1, 2021	
Employers' total pension liability	\$ 42,237,292	\$ 223,874,888	\$ 266,112,180
Plan fiduciary net position	<u>41,669,250</u>	<u>232,049,473</u>	<u>273,718,723</u>
Employers' net pension liability/(asset)	<u>\$ 568,042</u>	<u>\$ (8,174,585)</u>	<u>\$ (7,606,543)</u>
System fiduciary net position as a percentage of total pension liability	98.7%	103.7%	102.9%

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—The City provides postemployment benefit options for health care and dental insurance to eligible employees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances and collective bargaining agreements. The criteria to determine eligibility include years of service, employee age, and disability due to line of duty. The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the City subsidizing the remaining costs. The plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Employees Covered by Benefit Terms—At December 31, 2022, the following employees were covered by the benefit terms:

	Governmental Activities	Business-type Activities (JURA)
Inactive employees or beneficiaries currently receiving benefit payments	526	17
Active employees	200	12
Total	<u>726</u>	<u>29</u>

Total OPEB Liability

The City’s OPEB liabilities of \$111,839,050 for governmental activities and \$2,218,377 for business-type activities (JURA) are measured as of October 31, 2022, and are determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the December 31, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.19% effective December 31, 2021 to 4.40% effective December 31, 2022. The salary scale changed from 3.44% effective December 31, 2021 to 3.53% effective December 31, 2022. The mortality improvement remained the Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

No formal experience study is prepared for the December 31, 2022 actuarial valuation.

Changes in the Total OPEB Liability—The table below presents the changes to the total OPEB liability during the fiscal year, by source:

	<u>Total OPEB Liability</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities (JURA)</u>
Balances at December 31, 2021	\$ 182,062,107	\$ 3,501,706
Changes for the year:		
Service cost	4,126,203	88,390
Interest	3,992,122	76,456
Changes of benefit terms	(2,165,345)	(32,785)
Differences between expected and actual experience	(11,521,673)	(362,716)
Changes of assumptions or other inputs	(60,754,745)	(953,705)
Benefit payments	(3,899,619)	(98,969)
Net changes	<u>(70,223,057)</u>	<u>(1,283,329)</u>
Balances at December 31, 2022	<u>\$ 111,839,050</u>	<u>\$ 2,218,377</u>

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

	<u>1% Decrease (3.40%)</u>	<u>Current Discount Rate (4.40%)</u>	<u>1% Increase (5.40%)</u>
Governmental Activities:			
Total OPEB Liability	\$ 131,976,015	\$ 111,839,050	\$ 96,142,765
Business-type Activities (JURA):			
Total OPEB Liability	\$ 2,538,002	\$ 2,218,377	\$ 1,958,808

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (5.50%)/ultimate (4.00%) healthcare cost trend rates:

	<u>1% Decrease (4.50%/3.00%)</u>	<u>Healthcare Cost Trend Rates (5.50%/4.00%)</u>	<u>1% Increase (6.50%/5.00%)</u>
Governmental Activities:			
Total OPEB Liability	\$ 95,148,301	\$ 111,839,050	\$ 133,381,951
Business-type Activities (JURA):			
Total OPEB Liability	\$ 1,937,679	\$ 2,218,377	\$ 2,565,795

Funding Policy—Authorization for the City to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the City Council. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. City governmental and business-type activities (JURA) contributed \$3,899,619 and \$98,969 for the fiscal year ended December 31, 2022, respectively. The City’s contributions to the OPEB plan are based on negotiated contracts with the bargaining units, as discussed in Note 14. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The City reports deferred outflows and inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the City’s deferred outflows of resources at December 31, 2022.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities (JURA)	Governmental Activities	Business-type Activities (JURA)
Differences between expected and actual experiences	\$ 1,825,925	\$ -	\$ 9,121,324	\$ 274,249
Changes in assumption	2,292,454	-	48,097,506	721,094
City contributions subsequent to the measurement date	985,618	25,014	-	-
Total	<u>\$ 5,103,997</u>	<u>\$ 25,014</u>	<u>\$ 57,218,830</u>	<u>\$ 995,343</u>

The City’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB obligation in the year ending December 31, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	Governmental	Business-type
	Activities	Activities (JURA)
2023	\$ (10,939,209)	\$ (321,078)
2024	(15,057,588)	(321,078)
2025	(15,057,588)	(321,078)
2026	(12,046,066)	(32,109)

Jamestown Board of Public Utilities

Plan Description—The BPU administers the Jamestown Board of Public Utilities Retiree Medical and Prescription Drug Plan (the “Plan”) as a single-employer defined benefit OPEB plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the BPU subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Employees Covered by Benefit Terms—At December 31, 2022, the following employees were covered by the benefit terms:

	Business-type Activities (BPU)
Inactive employees or beneficiaries currently receiving benefit payments	88
Active employees	92
Total	<u>180</u>

Total OPEB Liability

The BPU’s OPEB liabilities of \$4,844,234 are measured as of October 31, 2022, and are determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the December 31, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.19% effective December 31, 2021 to 4.40% effective December 31, 2022. The salary scale changed from 3.44% effective December 31, 2021 to 3.53% effective December 31, 2022. The mortality improvement remained the Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

No formal experience study is prepared for the December 31, 2022 actuarial valuation.

Changes in the Total OPEB Liability—The table below presents the changes to the total OPEB liability during the fiscal year, by source.

	Total OPEB Liability Business-type Activities (BPU)
Balances at December 31, 2021	\$ 5,304,139
Changes for the year:	
Service cost	153,802
Interest	111,636
Changes of benefit terms	(71,128)
Differences between expected and actual experience	426,234
Changes of assumptions or other inputs	(720,035)
Benefit payments	<u>(360,414)</u>
Net changes	<u>(459,905)</u>
Balances at December 31, 2022	<u>\$ 4,844,234</u>

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

	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
Business-type Activities (BPU):			
Total OPEB Liability	\$ 5,176,652	\$ 4,844,234	\$ 4,545,307

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (5.50%)/ultimate (4.00%) healthcare cost trend rates:

	1% Decrease (4.50%/3.00%)	Healthcare Cost Trend Rates (5.50%/4.00%)	1% Increase (6.50%/5.00%)
Business-type Activities (BPU):			
Total OPEB Liability	\$ 4,497,397	\$ 4,844,234	\$ 5,237,545

Funding Policy— The obligations of the plan members, employers and other entities are established by action of the BPU pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The BPU currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the BPU.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The BPU reports deferred outflows and inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the BPU’s deferred outflows inflows of resources at December 31, 2022.

	Deferred Outflows of Resources Business-type Activities (BPU)	Deferred Inflows of Resources Business-type Activities (BPU)
Differences between expected and actual experiences	\$ 317,104	\$ 39,631
Changes in assumption	8,490	544,064
BPU contributions subsequent to the measurement date	91,094	-
Total	<u>\$ 416,688</u>	<u>\$ 583,695</u>

The BPU’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB obligation in the year ending December 31, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as presented below:

<u>Year ending December 31,</u>	<u>Business-type Activities (BPU)</u>
2023	\$ (94,144)
2024	(69,110)
2025	(78,192)
2026	(16,655)

9. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; vehicle liability; injuries to employees; and natural disasters. The City purchases insurance for: terrorism, commercial general liability, pesticide or herbicide applicator, sexual abuse, employee benefits, public official’s liability, private property use restriction, employment practices liability, law enforcement liability, commercial excess liability, and automobile liability. There have been no significant reduction in the levels of this commercial insurance from the prior year, nor have there been any settlements which exceeded insurance coverage for each of the past three fiscal years.

The terrorism insurance is limited to a \$3 million aggregate limit. The commercial general liability and employee benefit insurance plans are limited to \$1 million per occurrence with a \$3 million annual aggregate limit. The pesticide or herbicide applicator, sexual abuse, public official’s liability, private property use restriction, employment practices liability, law enforcement liability, and automobile liability insurance plans have an annual aggregate and per occurrence limit of \$1 million. The commercial excess liability insurance plan has an annual aggregate and per occurrence limit of \$10 million.

The City has established a self-insured health plan for its eligible employees and retirees. The City’s employees pay a “premium” to the plan based on estimated costs, which is used to fund claims as they are incurred. The City’s General Fund accounts for the premium as well as the expenditures and liabilities of the plan. The plan’s current claims outstanding of \$671,502 are recorded within accrued liabilities of the General Fund as of December 31, 2022.

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. 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 life of the permanent financing, provided that annual reductions of principal are made.

A summary of the City’s short-term debt for the fiscal year ended December 31, 2022 is presented on the following page.

	Maturity Date	Interest Rate	Balance 1/1/2022	Issues	Redemptions	Balance 12/31/2022
Bond anticipation notes:						
Capital improvements	5/19/2022	1.25%	\$ 1,968,000	\$ -	\$ 1,968,000	\$ -
Capital improvements	5/18/2023	3.00%	-	1,768,000	-	1,768,000
Total			<u>\$ 1,968,000</u>	<u>\$ 1,768,000</u>	<u>\$ 1,968,000</u>	<u>\$ 1,768,000</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, notes payable, compensated absences, retirement payable, OPEB obligation, and the net pension liability. The bonds payable of the City are secured by its general credit and revenue raising powers, as per New York State statute.

A summary of the City's long-term liabilities at December 31, 2022 is presented below:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Governmental activities:					
Serial bonds	\$ 14,675,013	\$ -	\$ 1,421,057	\$ 13,253,956	\$ 1,489,500
Premium on serial bonds	512,072	-	63,978	448,094	63,979
Bonds payable	15,187,085	-	1,485,035	13,702,050	1,553,479
Compensated absences	1,644,663	180,620	-	1,825,283	91,264
Retirement payable	169,922	-	54,893	115,029	56,623
Net pension liability*	4,317,614	-	2,769,053	1,548,561	-
OPEB obligation	182,062,107	8,118,325	78,341,382	111,839,050	-
Total governmental activities	<u>\$ 203,381,391</u>	<u>\$ 8,298,945</u>	<u>\$ 82,650,363</u>	<u>\$ 129,029,973</u>	<u>\$ 1,701,366</u>
Business-type activities:					
Serial bonds	\$ 4,633,987	\$ -	\$ 477,943	\$ 4,156,044	\$ 480,500
Premium on serial bonds	291,185	-	27,980	263,205	27,980
Bonds payable	4,925,172	-	505,923	4,419,249	508,480
Compensated absences	96,661	17,720	-	114,381	11,438
Net pension liability*	37,581	-	37,581	-	-
OPEB obligation	8,805,845	856,518	2,599,752	7,062,611	-
Total business-type activities	<u>\$ 13,865,259</u>	<u>\$ 874,238</u>	<u>\$ 3,143,256</u>	<u>\$ 11,596,241</u>	<u>\$ 519,918</u>

*Reductions and to the net pension liability are shown net of additions, additions to compensated absences are shown net of reductions.

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

A summary of bond transactions of the City for the fiscal year ended December 31, 2022 is presented below:

Purpose	Issue/ Maturity Date	Interest Rate	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022
Governmental activities:						
2013 General Obligation Bonds	2013/2030	3.50-4.00%	\$ 3,500,000	\$ -	\$ 365,000	\$ 3,135,000
2015 Public Improvement Bonds	2015/2035	2.25-4.00%	2,995,000	-	180,000	2,815,000
2019 Refunding Bonds	2019/2025	5.00%	1,505,013	-	349,057	1,155,956
2020 Refunding Bonds	2020/2026	5.00%	1,520,000	-	275,000	1,245,000
2021 Public Improvement Bonds	2021/2051	1.00-4.00%	5,155,000	-	252,000	4,903,000
Total governmental activities			<u>\$ 14,675,013</u>	<u>\$ -</u>	<u>\$ 1,421,057</u>	<u>\$ 13,253,956</u>
Business-type activities:						
2015 Refunding Bonds	2015/2025	4.13-5.00%	\$ 965,000	\$ -	\$ 250,000	\$ 715,000
2019 Refunding Bonds	2019/2030	5.00%	1,549,987	-	150,943	1,399,044
2021 Public Improvement Bonds	2021/2051	1.00-4.00%	2,119,000	-	77,000	2,042,000
Total business-type activities			<u>\$ 4,633,987</u>	<u>\$ -</u>	<u>\$ 477,943</u>	<u>\$ 4,156,044</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental and business-type activities. The premiums are being amortized on a straight-line basis over the life of the bonds. The unamortized premiums outstanding at December 31, 2022 are \$448,094 and \$263,205 for governmental and business-type activities, respectively.

Compensated Absences—As explained in Note 1, the City provides vacation, personal, sick leave and compensatory time to its employees. The annual budgets of the operating funds provide funding for these benefits as they become payable. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave and unused compensatory absences at various rates subject to certain conditions, maximum limitations and union affiliations. The value recorded as a liability within governmental activities at December 31, 2022, for such benefits is \$1,825,283 and \$114,381 for governmental and business-type activities, respectively. Management estimates that \$91,264 and \$11,438 is due within one year for governmental and business-type activities, respectively. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

Retirement Payable—This amount represents previous charges from the New York State Retirement System that the City elected to amortize over ten or twelve year periods. The outstanding balance at December 31, 2022 for the City’s retirement payable was \$115,029 for governmental activities. The final payment is due in 2024.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Police and Fire Retirement System. The net pension liability is estimated to be \$1,548,561 for governmental activities. Refer to Note 7 for additional information related to the City’s net pension liabilities.

OPEB—As explained in Note 8, the City provides health insurance coverage for certain retirees. The City’s annual postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The OPEB liability is estimated to be \$111,839,050 and \$7,062,611 for governmental and business-type activities, respectively.

The following is a maturity schedule of the City’s governmental activities’ indebtedness:

Year ending December 31,	Serial bonds	Premium on Serial Bonds	Compensated Absences	Retirement Payable	Net Pension Liability	OPEB Obligation	Total
2023	\$ 1,489,500	\$ 63,979	\$ 91,264	\$ 56,623	\$ -	\$ -	\$ 1,701,366
2024	1,537,456	63,979	-	58,406	-	-	1,659,841
2025	1,603,000	71,238	-	-	-	-	1,674,238
2026	1,230,000	26,560	-	-	-	-	1,256,560
2027	937,000	14,823	-	-	-	-	951,823
2028-2032	3,806,000	74,112	-	-	-	-	3,880,112
2033-2037	2,091,000	74,113	-	-	-	-	2,165,113
2038-2042	560,000	59,290	-	-	-	-	619,290
Thereafter	-	-	1,734,019	-	1,548,561	111,839,050	115,121,630
Totals	\$ 13,253,956	\$ 448,094	\$ 1,825,283	\$ 115,029	\$ 1,548,561	\$ 111,839,050	\$ 129,029,973

The following is a maturity schedule of the City’s business-type activities’ indebtedness:

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	OPEB Obligation	Total
2023	\$ 480,500	\$ 27,980	\$ 11,438	\$ -	\$ 519,918
2024	487,544	27,980	-	-	515,524
2025	482,000	24,956	-	-	506,956
2026	250,000	23,442	-	-	273,442
2027	263,000	23,442	-	-	286,442
2028-2032	1,019,000	68,006	-	-	1,087,006
2033-2037	444,000	26,210	-	-	470,210
2038-2042	250,000	14,709	-	-	264,709
2043-2047	260,000	14,709	-	-	274,709
2048-2051	220,000	11,771	-	-	231,771
Thereafter	-	-	102,943	7,062,611	7,165,554
Totals	\$ 4,156,044	\$ 263,205	\$ 114,381	\$ 7,062,611	\$ 11,596,241

The interest requirements on the City’s outstanding serial bonds are as follows:

Year ending December 31,	Governmental Activities	Business-type Activities	Total
2023	\$ 413,102	\$ 127,559	\$ 540,661
2024	360,343	103,537	463,880
2025	301,205	87,738	388,943
2026	244,828	70,541	315,369
2027	204,164	61,136	265,300
2028-2032	554,393	176,083	730,476
2033-2037	148,475	94,391	242,866
2038-2042	20,120	61,511	81,631
2043-2047	-	36,331	36,331
2048-2051	-	9,316	9,316
Totals	<u>\$ 2,246,630</u>	<u>\$ 828,143</u>	<u>\$ 3,074,773</u>

12. NET POSITION AND FUND BALANCE

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the City’s net investment in capital assets is shown below:

Governmental activities:

Capital assets, net of accumulated depreciation	\$ 58,407,045
Related debt:	
Serial bonds	\$ (13,253,956)
Unamortized serial bond premium	(448,094)
Notes payable	(10,013)
Accounts payable—Capital Projects Fund	(2,489,688)
Bond anticipation notes	(1,768,000)
Unspent debt proceeds	<u>676,645</u>
Net investment in capital assets—governmental activities	<u>\$ 41,113,939</u>

Business-type activities:

Capital assets, net of accumulated depreciation	\$ 140,589,359
Related debt:	
Serial bonds	\$ (4,156,044)
Unamortized serial bond premium	<u>(263,205)</u>
Net investment in capital assets—business-type activities	<u>\$ 136,170,110</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position**—This category represents net position of the City not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the City at December 31, 2022 includes:

	General Fund
Prepaid items	\$ 1,043,833
Inventory	128,064
Total	<u>\$ 1,171,897</u>

- **Prepaid Items**—Represents the portion of fund balance composed of prepaid expenses that are applicable to future accounting periods.
- **Inventory**—Represents the portion of fund balance, \$128,064, composed of inventory and is nonspendable because inventory is not an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the City at December 31, 2022 is as follows:

	Special Grant Fund
Economic development	\$ 238,017
Total restricted fund balance	<u>\$ 238,017</u>

- **Restricted for Economic Development**—Represents the residual fund balance in the Special Grant Fund that is required to be used for economic development by outside sources.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City’s highest level of decision-making authority. As of December 31, 2022, the City reported no committed fund balance.

In the fund financial statements, assignments are amounts that are subject to a purpose constraint that represents an intended use established by the City’s Common Council, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balances maintained by the City at December 31, 2022 are presented below:

	General Fund
Subsequent year's expenditures	\$ 378,136
Total assigned fund balance	<u>\$ 378,136</u>

- **Assigned to Subsequent Year’s Expenditures**—Represents funds to be used to assist in supporting the subsequent years’ authorized appropriations.

Unassigned fund balance represents the residual classification of the City’s General Fund surplus and the Capital Projects Fund deficit.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables of the City at December 31, 2022 consisted of the following:

Fund	Interfund	
	Receivables	Payables
Governmental funds:		
General Fund	\$ 669,003	\$ -
Special Grant Fund	-	56,418
Capital Projects Fund	-	607,893
Total governmental funds	<u>669,003</u>	<u>664,311</u>
Fiduciary funds:		
Custodial Fund	-	4,692
Total fiduciary funds	<u>-</u>	<u>4,692</u>
Total	<u>\$ 669,003</u>	<u>\$ 669,003</u>

Balances outstanding between funds are the result of transfers made to cover project costs in the Special Grant Fund. Other balances result from payments made on behalf of other funds or temporary advances. All of these interfund balances are expected to be collected/paid within the subsequent year.

On January 1, 2013 the City issued \$785,360 in notes payable to the BPU for projects completed on the City Hall. The notes mature on June 30, 2024, and carry an interest rate of 2.0 percent. The City has made the required annual payments, and the total outstanding balance at December 31, 2022 was \$10,013. This amount is recorded within the government-wide financial statements as a long-term internal balance.

The City made the following transfers during the year ended December 31, 2022:

	<u>Transfers in:</u>
	Capital
	<u>Projects Fund</u>
Transfers out:	
General Fund	<u>\$ 2,523,109</u>

Transfers are used primarily to fund debt service expenditures and capital projects spending.

14. LABOR CONTRACTS

City employees are represented by five bargaining units. Local 418 of the American Federation of State, County and Municipal Employees and Jamestown City Administrative Association have contracts settled through December 31, 2025. The Jamestown Professional Firefighters Association Local 1772, Kendall Club Police Benevolent Association and the Civil Service Employees Association Local 807-6305 have contracts settled through December 31, 2024.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations. The City considers encumbrances significant if they are in excess of \$20,000. As of December 31, 2022, the City reported no significant encumbrances.

16. CONTINGENCIES

Litigation—The City is party to various legal proceedings which normally occur in governmental operations. The City believes that it is the ultimate liability, if any, in connection with these matters, will not have a material effect on the City’s financial condition or results of operations.

Grants—The City receives significant financial assistance from numerous federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the City. The amount of disallowance, if any, cannot be determined at this time, although the City expects any such amounts to be immaterial.

17. TAX ABATEMENTS

The City is subject to tax abatements granted by the Chautauqua County Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the City, the abatements have resulted in reductions of property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the IDA, the City collected \$206,475 during the 2022 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,045,876 in property taxes. In addition, the City has an agreement with the BPU to pay an annual PILOT on BPU owned property. For the year ended December 31, 2022, the City collected \$4,044,675 from the BPU.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2024, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Plan fiduciary net position as a percentage of the total pension liability	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%
Governmental Activities:								
City's proportion of the net pension liability	0.2726125%	0.2474291%	0.2569388%	0.2542150%	0.2532702%	0.2650806%	0.2712136%	0.2725067%
City's proportionate share of the net pension liability	<u>\$ 1,548,561</u>	<u>\$ 4,296,052</u>	<u>\$ 13,733,220</u>	<u>\$ 4,263,345</u>	<u>\$ 2,559,946</u>	<u>\$ 5,494,198</u>	<u>\$ 8,030,057</u>	<u>\$ 750,101</u>
City's covered payroll	\$ 11,343,557	\$ 9,181,054	\$ 8,832,964	\$ 9,048,026	\$ 8,894,657	\$ 9,261,033	\$ 9,132,062	\$ 8,515,335
City's proportionate share of the net pension liability as a percentage of its covered payroll	13.7%	46.8%	155.5%	47.1%	28.8%	59.3%	87.9%	8.8%

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

CITY OF JAMESTOWN, NEW YORK
Schedule of the City's Contributions—
Police and Fire Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<i>Governmental Activities:</i>										
Contractually required contribution	\$ 2,786,378	\$ 2,350,383	\$ 1,951,346	\$ 2,011,733	\$ 1,981,420	\$ 2,177,017	\$ 2,188,383	\$ 2,082,692	\$ 2,480,027	\$ 2,366,903
Contributions in relation to the contractually required contribution	<u>(2,786,378)</u>	<u>(2,350,383)</u>	<u>(1,951,346)</u>	<u>(2,011,733)</u>	<u>(1,981,420)</u>	<u>(2,177,017)</u>	<u>(2,188,383)</u>	<u>(2,082,692)</u>	<u>(2,480,027)</u>	<u>(2,366,903)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 11,318,878	\$ 9,229,301	\$ 8,879,382	\$ 8,883,919	\$ 9,009,684	\$ 8,986,251	\$ 9,228,790	\$ 8,977,880	\$ 8,605,271	\$ 8,095,166
Contributions as a percentage of covered payroll	24.6%	25.5%	22.1%	22.6%	22.0%	24.2%	23.7%	23.2%	28.8%	29.2%

CITY OF JAMESTOWN, NEW YORK
Schedule of the City's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Eight Fiscal Years*

	Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Plan fiduciary net position as a percentage of the total pension liability	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
Governmental Activities:								
City's proportion of the net pension liability/(asset)	0.0245058%	0.0217910%	0.0224205%	0.0230530%	0.0237774%	0.0242619%	0.0233003%	0.0231376%
City's proportionate share of the net pension liability/(asset)	\$ (2,003,254)	\$ 21,562	\$ 5,936,715	\$ 3,694,339	\$ 1,992,052	\$ 5,917,741	\$ 9,991,195	\$ 2,029,029
City's covered payroll	\$ 6,401,269	\$ 6,127,562	\$ 6,073,794	\$ 5,892,407	\$ 6,066,477	\$ 6,129,862	\$ 6,031,724	\$ 6,380,686
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(31.3)%	0.4%	97.7%	62.7%	32.8%	96.5%	165.6%	31.8%
Business-type Activities—BPU:								
City's proportion of the net pension liability/(asset)	0.0353232%	0.0366621%	0.0357796%	0.0367890%	0.0379449%	0.0387181%	0.0371835%	0.0369240%
City's proportionate share of the net pension liability/(asset)	\$ (2,887,520)	\$ 36,601	\$ 9,139,622	\$ 2,476,007	\$ 1,174,045	\$ 3,415,006	\$ 5,661,600	\$ 1,149,796
City's covered payroll	\$ 10,675,039	\$ 10,297,752	\$ 9,684,366	\$ 9,486,101	\$ 9,651,136	\$ 9,443,838	\$ 9,258,282	\$ 8,563,255
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(27.0)%	0.4%	94.4%	26.1%	12.2%	36.2%	61.2%	13.4%
Business-type Activities—JURA:								
City's proportion of the net pension liability/(asset)	0.0013454%	0.0009840%	0.0012665%	0.0013947%	0.0014956%	0.0015354%	0.0017655%	
City's proportionate share of the net pension liability/(asset)	\$ (109,980)	\$ 980	\$ 335,370	\$ 98,817	\$ 48,269	\$ 144,274	\$ 283,375	
City's covered payroll	\$ 545,001	\$ 463,788	\$ 425,930	\$ 545,650	\$ 514,397	\$ 528,254	\$ 533,095	
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(20.2)%	0.2%	78.7%	18.1%	9.4%	27.3%	53.2%	

*Information prior to the year ended December 31, 2015 (December 31, 2016 for JURA) is not available.

CITY OF JAMESTOWN, NEW YORK
Schedule of the City's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Contractually required contribution	\$ 587,006	\$ 868,731	\$ 806,784	\$ 931,100	\$ 948,720	\$ 995,233	\$ 1,020,681	\$ 1,132,337	\$ 1,236,030	\$ 1,344,693
Contributions in relation to the contractually required contribution	<u>(587,006)</u>	<u>(868,731)</u>	<u>(806,784)</u>	<u>(931,100)</u>	<u>(948,720)</u>	<u>(995,233)</u>	<u>(1,020,681)</u>	<u>(1,132,337)</u>	<u>(1,236,030)</u>	<u>(1,344,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,027,644	\$ 5,853,991	\$ 6,340,487	\$ 6,028,447	\$ 5,935,925	\$ 6,082,323	\$ 6,105,328	\$ 6,118,965	\$ 6,456,423	\$ 6,516,625
Contributions as a percentage of covered payroll	9.7%	14.8%	12.7%	15.4%	16.0%	16.4%	16.7%	18.5%	19.1%	20.6%
Business-type Activities—BPU:										
Contractually required contribution	\$ 1,452,873	\$ 1,561,084	\$ 1,327,489	\$ 1,288,734	\$ 1,347,223	\$ 1,337,902	\$ 1,329,651	\$ 1,331,269	\$ 1,493,674	\$ 1,608,935
Contributions in relation to the contractually required contribution	<u>(1,452,873)</u>	<u>(1,561,084)</u>	<u>(1,327,489)</u>	<u>(1,288,734)</u>	<u>(1,347,223)</u>	<u>(1,337,902)</u>	<u>(1,329,651)</u>	<u>(1,331,269)</u>	<u>(1,493,674)</u>	<u>(1,608,935)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,675,039	\$ 10,297,752	\$ 9,639,667	\$ 9,531,244	\$ 9,643,550	\$ 9,450,962	\$ 9,281,256	\$ 8,160,782	\$ 8,524,321	\$ 8,447,963
Contributions as a percentage of covered payroll	13.6%	15.2%	13.8%	13.5%	14.0%	14.2%	14.3%	16.3%	17.5%	19.0%
Business-type Activities—JURA:										
Contractually required contribution	\$ 58,431	\$ 67,382	\$ 62,928	\$ 65,286	\$ 69,804	\$ 70,621	\$ 67,382	\$ 62,730	\$ 70,383	\$ 75,814
Contributions in relation to the contractually required contribution	<u>(58,431)</u>	<u>(67,382)</u>	<u>(62,928)</u>	<u>(65,286)</u>	<u>(69,804)</u>	<u>(70,621)</u>	<u>(67,382)</u>	<u>(62,730)</u>	<u>(70,383)</u>	<u>(75,814)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 536,528	\$ 477,084	\$ 470,629	\$ 500,507	\$ 521,983	\$ 521,130	\$ 510,121	\$ 402,473	\$ 420,402	\$ 416,636
Contributions as a percentage of covered payroll	10.9%	14.1%	13.4%	13.0%	13.4%	13.6%	13.2%	15.6%	16.7%	18.2%

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

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Governmental Activities:					
Total OPEB Liability					
Service cost	\$ 4,126,203	\$ 3,878,612	\$ 3,412,008	\$ 3,648,426	\$ 3,972,781
Interest	3,992,122	4,064,525	4,328,587	6,208,896	5,914,131
Changes of benefit terms	(2,165,345)	(3,925,246)	(2,137,837)	(2,454,138)	-
Differences between expected and actual experience	(11,521,673)	5,883,533	1,087,981	(44,563,422)	(1,779,701)
Changes of assumptions or other inputs	(60,754,745)	7,386,794	8,132,963	36,483,115	(10,736,699)
Benefit payments	<u>(3,899,619)</u>	<u>(4,040,962)</u>	<u>(3,795,472)</u>	<u>(3,909,157)</u>	<u>(3,714,069)</u>
Net change in total OPEB liability	(70,223,057)	13,247,256	11,028,230	(4,586,280)	(6,343,557)
Total OPEB liability—beginning	<u>182,062,107</u>	<u>168,814,851</u>	<u>157,786,621</u>	<u>162,372,901</u>	<u>168,716,458</u>
Total OPEB liability—ending	<u>\$ 111,839,050</u>	<u>\$ 182,062,107</u>	<u>\$ 168,814,851</u>	<u>\$ 157,786,621</u>	<u>\$ 162,372,901</u>
Covered payroll	\$ 14,013,941	\$ 14,906,758	\$ 14,906,758	\$ 12,445,638	\$ 12,445,638
City's net OPEB liability as a percentage of covered employee payroll	798.1%	1221.3%	1132.5%	1267.8%	1304.7%
Business-type Activities—BPU:					
Total OPEB Liability					
Service cost	\$ 153,802	\$ 167,242	\$ 224,471	\$ 133,247	\$ 126,518
Interest	111,636	132,003	229,527	265,820	233,153
Changes of benefit terms	(71,128)	(147,476)	(1,110,906)	(1,315,972)	-
Differences between expected and actual experience	426,234	(214,605)	(2,406,076)	(341,370)	644,150
Changes of assumptions or other inputs	(720,035)	56,904	677,578	566,249	(87,108)
Benefit payments	<u>(360,414)</u>	<u>(426,450)</u>	<u>(697,727)</u>	<u>(644,449)</u>	<u>(596,878)</u>
Net change in total OPEB liability	(459,905)	(432,382)	(3,083,133)	(1,336,475)	319,835
Total OPEB liability—beginning	<u>5,304,139</u>	<u>5,736,521</u>	<u>8,819,654</u>	<u>10,156,129</u>	<u>9,836,294</u>
Total OPEB liability—ending	<u>\$ 4,844,234</u>	<u>\$ 5,304,139</u>	<u>\$ 5,736,521</u>	<u>\$ 8,819,654</u>	<u>\$ 10,156,129</u>
Covered payroll	\$ 7,660,972	\$ 7,512,781	\$ 7,031,064	\$ 7,036,365	\$ 7,262,936
City's net OPEB liability as a percentage of covered employee payroll	63.2%	70.6%	81.6%	125.3%	139.8%
Business-type Activities—JURA:					
Total OPEB Liability					
Service cost	\$ 88,390	\$ 103,576	\$ 122,750	\$ 130,984	\$ 137,720
Interest	76,456	77,573	78,976	112,914	106,266
Changes of benefit terms	(32,785)	-	(39,668)	(112,090)	-
Differences between expected and actual experience	(362,716)	86,501	190,552	(678,014)	(93,896)
Changes of assumptions or other inputs	(953,705)	118,824	100,763	552,833	(156,873)
Benefit payments	<u>(98,969)</u>	<u>(87,250)</u>	<u>(74,682)</u>	<u>(74,508)</u>	<u>(70,877)</u>
Net change in total OPEB liability	(1,283,329)	299,224	378,691	(67,881)	(77,660)
Total OPEB liability—beginning	<u>3,501,706</u>	<u>3,202,482</u>	<u>2,823,791</u>	<u>2,891,672</u>	<u>2,969,332</u>
Total OPEB liability—ending	<u>\$ 2,218,377</u>	<u>\$ 3,501,706</u>	<u>\$ 3,202,482</u>	<u>\$ 2,823,791</u>	<u>\$ 2,891,672</u>
Covered payroll	\$ 667,597	\$ 431,231	\$ 431,231	\$ 313,443	\$ 313,443
City's net OPEB liability as a percentage of covered employee payroll	332.3%	812.0%	742.6%	900.9%	922.6%

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

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

CITY OF JAMESTOWN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund
Balances—Budget and Actual—General Fund
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 16,127,128	\$ 16,127,128	\$ 16,123,271	\$ (3,857)
Real property tax items	260,277	260,277	277,898	17,621
Board of Public Utilities - PILOT	3,926,550	3,926,550	4,044,675	118,125
Nonproperty tax items	8,640,634	8,640,634	8,656,871	16,237
Departmental income	817,490	817,490	950,071	132,581
Intergovernmental charges	341,982	341,982	310,560	(31,422)
Use of money and property	19,028	19,028	41,668	22,640
Licenses and permits	225,214	225,214	220,713	(4,501)
Fines and forfeitures	36,000	36,000	31,472	(4,528)
Miscellaneous	20,407	20,407	102,134	81,727
State aid	7,352,609	7,352,609	9,520,969	2,168,360
Federal aid	-	4,727,935	4,731,838	3,903
Total revenues	<u>37,767,319</u>	<u>42,495,254</u>	<u>45,017,140</u>	<u>2,521,886</u>
EXPENDITURES				
Current:				
General government support	4,231,472	4,909,660	4,887,636	22,024
Public safety	12,499,270	13,220,290	12,729,554	490,736
Transportation	3,983,068	4,397,963	5,535,879	(1,137,916)
Culture and recreation	1,826,179	1,960,304	1,787,544	172,760
Home and community services	877,000	3,168,460	3,180,023	(11,563)
Employee benefits	12,005,319	12,005,319	10,704,081	1,301,238
Debt service:				
Principal	1,427,837	1,427,837	1,427,568	269
Interest and fiscal charges	533,539	533,539	570,886	(37,347)
Total expenditures	<u>37,383,684</u>	<u>42,111,619</u>	<u>41,311,418</u>	<u>800,201</u>
Excess of revenues over expenditures	<u>383,635</u>	<u>383,635</u>	<u>3,705,722</u>	<u>3,322,087</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,105,000)</u>	<u>(1,105,000)</u>	<u>(2,523,109)</u>	<u>(1,418,109)</u>
Total other financing sources (uses)	<u>(1,105,000)</u>	<u>(1,105,000)</u>	<u>(2,523,109)</u>	<u>(1,418,109)</u>
Net change in fund balances*	(721,365)	(721,365)	1,182,613	1,903,978
Fund balances—beginning, as restated	8,050,265	8,050,265	8,050,265	-
Fund balances—ending	<u>\$ 7,328,900</u>	<u>\$ 7,328,900</u>	<u>\$ 9,232,878</u>	<u>\$ 1,903,978</u>

*The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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

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CITY OF JAMESTOWN, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2022

1. OPEB LIABILITY

Governmental Activities and Business-type Activities (JURA)

Changes in Assumptions—In the December 31, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.19% effective December 31, 2021 to 4.40% effective December 31, 2022. The salary scale changed from 3.44% effective December 31, 2021 to 3.53% effective December 31, 2022. The mortality improvement remained the Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

Business-type Activities (Jamestown Board of Public Utilities)

Changes in Assumptions—In the December 31, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.19% effective December 31, 2021 to 4.40% effective December 31, 2022. The salary scale changed from 3.44% effective December 31, 2021 to 3.53% effective December 31, 2022. The mortality improvement remained the Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Special Grant Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year. The Capital Projects Fund is appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. Budget transfers and amendments must be approved by the Common Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the City's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

Excess of Expenditures Over Appropriations—For the year ended December 31, 2022, the City had budgetary expenditures in excess of the final budget amount within transportation, home and community services, interest and fiscal charges, and transfers out of \$1,137,916, \$11,563, \$37,347, and \$1,418,109, respectively. These were the result of greater than anticipated contractual costs, debt service expenditures, and grant-related transfers to other funds.

FEDERAL AWARDS
INFORMATION

CITY OF JAMESTOWN, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	n/a	\$ -	\$ 1,313,190
Home Investment Partnerships Program	14.239	n/a	-	180,350
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>-</u>	<u>1,493,540</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Program:				
Equitable Sharing Program	16.922	n/a	-	79,969
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>-</u>	<u>79,969</u>
U.S. DEPARTMENT OF THE TREASURY				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	1,600,000	4,727,935
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>1,600,000</u>	<u>4,727,935</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through NYS Division of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	n/a	-	3,903
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>-</u>	<u>3,903</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			<u>\$ 1,600,000</u>	<u>\$ 6,305,347</u>

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

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CITY OF JAMESTOWN, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Jamestown, New York (the “City”) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a select portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the City of Jamestown, New York. The federal expenditures, if any, of the Jamestown Board of Public Utilities, the Jamestown Urban Renewal Agency, and the Jamestown Local Development Corporation have not been included.
- b) Source: Assistance Listing Numbers, previously known as the Catalog of Federal Domestic Assistance.
- c) Pass-through identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. MATCHING COSTS

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

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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the City Council
City of Jamestown, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, New York (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 2024 (which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87). Our report includes a reference to other auditors who audited the financial statements of the Jamestown Board of Public Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. We have also audited the financial statements of the Jamestown Urban Renewal Agency (the "Agency") and the Jamestown Local Development Corporation (the "Corporation"), which are shown as blended component units. This report does not include the results of our testing of internal control over financial reporting and compliance and other matters of the Agency and the Corporation which are reported on separately in our reports thereon dated July 6, 2023 and March 15, 2023, respectively.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 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 or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the 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.

Dreucher & Malecki LLP

February 20, 2024

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



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

Honorable Mayor and Members of the City Council
City of Jamestown, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Federal Program

We have audited the City of Jamestown, New York's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Jamestown Board of Public Utilities (the "Board"), the Jamestown Urban Renewal Agency (the "Agency"), and the Jamestown Local Development Corporation (the "Corporation"), which expended \$0, \$481,868, and \$0 in federal awards, respectively, which are not included in the City's Schedule of Expenditures of Federal Awards for the year ended December 31, 2022. Our compliance audit, described below, did not include the operations of the Board since other auditors were engaged to perform such audit in accordance with the Uniform Guidance, as applicable. Our audit did not include the operations of the Agency and the Corporation since their compliance audits would be reported on separately based on our audit of the operations of the Agency and the Corporation in accordance with Uniform Guidance, as applicable.

In our opinion, the City 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 December 31, 2022.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “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 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors’ Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to

test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

February 20, 2024

CITY OF JAMESTOWN, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
 *(which reports includes a reference to other auditors and an other matter paragraph regarding the implementation of GASB Statement No. 87)

Internal control over financial reporting:

Material weakness(es) identified?	✓	Yes	_____	No
Significant deficiency(ies) identified?	_____	Yes	✓	None reported
Noncompliance material to the financial statements noted?	_____	Yes	✓	No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____	Yes	✓	No
Significant deficiency(ies) identified?	_____	Yes	✓	None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	✓	Yes	_____	No
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Identification of major federal programs:

ALN	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs?	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	✓	Yes	_____	No
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CITY OF JAMESTOWN, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II. FINANCIAL STATEMENT FINDINGS

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

Finding 2022-001—Journal Entry, Bank Reconciliation, and Cash Receipt Controls

Criteria—Journal entries and bank reconciliations should be reviewed by someone independent of general ledger processes. These reviews should be documented with dated signatures/initials of the individual who performed them. Additionally, the functions/duties of cash collection, general ledger access, and bank reconciliation should be separate.

Condition and Context—We noted that at different times throughout the fiscal year, one individual collected cash receipts, posted journal entries, and performed bank reconciliations, without a formal independent review.

Cause—The City lacks formal policies and procedures surrounding cash receipts, journal entries and bank reconciliations. As a result of turnover in the Comptroller and Deputy Comptroller position, the City was unable to address segregation of duties issues identified during the December 31, 2021 audit.

Effect or Potential Effect—Increased risk of misappropriation of assets and financial statement misstatement.

Recommendation—We recommend that the City formalize journal entry, bank reconciliation, and cash receipt policies that require the performance and documentation of formal reviews, as well as limit general ledger access to individuals outside of these functions.

View of Responsible Officials and Corrective Action Plan—The City of Jamestown acknowledges the need for additional support and will be addressing staff duties and responsibilities.

Finding 2022-002—Audit Preparedness

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

Condition and Context—Several trial balance accounts provided to the auditors were not appropriately adjusted and reconciled for accurate financial statement reporting and disclosures.

Cause—As a result of turnover in senior accounting positions throughout the current fiscal year, various accounting functions were not performed or were performed by an individual lacking governmental accounting expertise.

Effect or Potential Effect—The audit of the financial statements was significantly delayed and the City is late in submitting their financial reporting package to the Federal Audit Clearinghouse.

Recommendation—We recommend that the City follow procedures to facilitate an effective and timely year-end financial closing process in preparation of the external audit. These procedures should include certain checklists and analysis procedures to be performed, and can be applied on a monthly routine basis, as well, to ensure that the financial records are available on a timely basis.

View of Responsible Officials and Corrective Action Plan—The City of Jamestown acknowledges the need for additional support and will be addressing staff duties and responsibilities.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We consider the following finding presented below to be a reportable instance of noncompliance.

Finding 2022-003—Reporting Requirements ALN #21.027

Criteria—As outlined within the Compliance Supplement, the City is required to submit quarterly reports to the Department of the Treasury that detail the City’s use of Coronavirus State and Local Fiscal Recovery Fund spending. The Department of the Treasury has provided reporting requirements as outlined within *Key Line Items*, which include increased reporting on expenditures and subawards greater than \$50,000.

Condition and Context—We found that the City aggregated all project expenditures and reported them within the category for amounts under \$50,000. However, testing found numerous project expenditures and contracts greater than that amount.

Cause—The City did not comply with the compliance reporting requirements as outlined in the Uniform Guidance.

Effect or Potential Effect—Noncompliance with the reporting requirements of the Uniform Guidance.

Recommendation—We recommend that the City amend future reports to ensure that sufficient expenditure detail is reported to the Department of the Treasury.

View of Responsible Officials and Planned Corrective Action Plan—The City will update amounts and descriptions within the Department of Treasury’s reporting portal to ensure all amounts expended are properly reported.

CITY OF JAMESTOWN, NEW YORK
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2022
(Follow-up on December 31, 2021 Findings)

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

Finding 2021-001—Journal Entry, Bank Reconciliation, and Cash Receipt Controls

Criteria—Journal entries and bank reconciliations should be reviewed by someone independent of general ledger processes. These reviews should be documented with dated signatures/initials of the individual who performed them. Additionally, the functions/duties of cash collection, general ledger access, and bank reconciliation should be separate.

Condition and Context—We noted that one individual collects cash receipts, posts journal entries, and performs bank reconciliations, without a formal independent review.

Cause—The City lacks formal policies and procedures surrounding cash receipts, journal entries and bank reconciliations. Additionally, current staffing limits the City's ability to segregate duties within these accounting functions.

Effect or Potential Effect—Increased risk of misappropriation of assets and financial statement misstatement.

Recommendation—We recommend that the City formalize journal entry, bank reconciliation, and cash receipt policies that require the performance and documentation of formal reviews, as well as limit general ledger access to individuals outside of these functions.

View of Responsible Officials and Corrective Action Plan—The City of Jamestown acknowledges the need for additional support and has committed to hiring a deputy comptroller. This position will add another layer of checks and balances to the accounting process.

Status—Refer to finding 2022-001.