CITY OF SALAMANCA, NEW YORK

Basic Financial Statements and Required Supplementary Information for the Year Ended March 31, 2024 and Independent Auditors' Reports

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Common Council
City of Salamanca, New York

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We have engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the "City), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the City. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

The scope of our audit was limited due to the inadequacy of accounting records and there were various account balances that were unsubstantiated and additional account balances that remained unchanged from the prior year. As of the date of our audit report, management is still in the process of correcting the accounting records. We were unable to confirm or verify, by performing other audit procedures, the balances of multiple accounts as of and for the year ended March 31, 2024. As a result of these matters, were unable to determine whether any adjustments might have been found necessary to the multiple elements making up the statement of net position, statement of activities, the balance sheet for governmental funds, the statement of revenues, expenditures, and changes in fund balance for governmental funds, statement of net position for proprietary funds, the statement of revenues, expenses, and changes in net position for the proprietary funds, the statement of cash flows for the proprietary funds, the statement of fiduciary net position for the Custodial Fund, the statement of changes of fiduciary net position for the Custodial Fund, the notes to the financial statements, nor the required supplementary information as listed in the table of contents.

Management's Responsibility for the Financial Statement

The City's 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 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' Responsibility

Our responsibility is to conduct an audit of City's financial statements 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 and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we

were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 3, 2026 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.

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

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

June 3, 2026

CITY OF SALAMANCA, NEW YORK
Management's Discussion and Analysis
Year Ended March 31, 2024

As management of the City of Salamanca, 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 March 31, 2024. This document should be read in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative. 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 March 31, 2024 by $52,095,119 (*net position*). This consists of $30,568,228 net investment in capital assets, $129,223 restricted for specific purposes, and unrestricted net position of $21,397,668.
- The City's total primary government net position decreased by $172,282 during the year ended March 31, 2024. Net position decreased by $1,270,017 and increased by $1,097,735 for governmental activities and business-type activities, respectively, during the year ended March 31, 2024.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $22,807,401, a decrease of $1,036,207 in comparison with the prior year's fund balance of $23,843,608.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was $15,817,191. This total amount is *available for spending* at the City's discretion and constitutes approximately 92.0 percent of the General Fund's total fund balance of $17,183,573.
- The City's governmental activities' bonds payable increased by $738,345 due to the new bond issuance amount of $800,000 exceeding scheduled principal payments. The City's business-type activities' bonds payable decreased $155,480 from 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 flow*s. 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, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and other fiscal charges. The business-type activities of the City include water, sewer and electric funds.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Salamanca Industrial Development Agency and the Salamanca Housing Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in this report as indicated on the report's table of contents.

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 activitie*s.
>
> 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, Capital Projects Fund, and the Economic Development Fund, which are considered major funds.

The basic governmental fund financial statements can be found in this report as indicated on the report's table of contents.

Proprietary funds—The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and electric operations.

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 Water Fund, Sewer Fund, and Electric Fund.

The proprietary fund financial statements can be found in this report as indicated on the report's table of contents.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The City does not currently have any active fiduciary funds.

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 in this report as indicated on the report's table of contents.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's net pension liability, the changes in the City's total other postemployment benefits ("OPEB") liability, and the City's budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found in this report as indicated on the report's table of contents.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the City'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 $52,095,119 at the close of the most recent fiscal year, as compared to $52,267,401 at the close of the fiscal year ended March 31, 2023.

Table 1, shown below, 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	
	March 31,		March 31,		March 31,	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 23,726,706	24,695,896	3,344,034	2,813,621	27,070,740	27,509,517
Noncurrent assets	18,152,687	17,011,303	13,562,827	13,373,605	31,715,514	30,384,908
Total assets	41,879,393	41,707,199	16,906,861	16,187,226	58,786,254	57,894,425
Deferred outflows of resources	4,394,728	4,632,720	821,234	808,613	5,215,962	5,441,333
Current and other liabilities	792,594	727,909	1,053,186	982,210	1,845,780	1,710,119
Noncurrent liabilities	7,894,949	1,769,657	1,602,124	823,091	9,497,073	2,592,748
Total liabilities	8,687,543	2,497,566	2,655,310	1,805,301	11,342,853	4,302,867
Deferred inflows of resources	518,684	5,504,442	45,560	1,261,048	564,244	6,765,490
Net position:						
Net investment in capital assets	17,229,381	16,826,342	13,338,847	12,553,951	30,568,228	29,380,293
Restricted	111,122	111,122	18,101	89,230	129,223	200,352
Unrestricted	19,727,391	21,400,447	1,670,277	1,286,309	21,397,668	22,686,756
Total net position	$ 37,067,894	38,337,911	15,027,225	13,929,490	52,095,119	52,267,401

The largest portion of the City's primary government net position, $30,568,228, reflects its investment in capital assets (e.g. land, buildings and building improvements, infrastructure and machinery and equipment) net of accumulated depreciation, less any related debt used to acquire these assets. The City uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's primary government net position, $129,223, 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 component of primary government net position, $21,397,668, is considered to be unrestricted.

Table 2, as presented below shows the changes in net position for the years ended March 31, 2024 and March 31, 2023.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 1,074,033	1,192,728	8,994,060	9,126,597	10,068,093	10,319,325
Operating grants and contributions	358,723	573,811	-	-	358,723	573,811
General revenues	8,547,353	13,388,062	369,798	175,816	8,917,151	13,563,878
Total revenues	9,980,109	15,154,601	9,363,858	9,302,413	19,343,967	24,457,014
Program expenses	11,250,126	9,030,140	8,266,123	8,166,924	19,516,249	17,197,064
Excess (deficiency) of revenues over expenses	(1,270,017)	6,124,461	1,097,735	1,135,489	(172,282)	7,259,950
Change in net position	(1,270,017)	6,124,461	1,097,735	1,135,489	(172,282)	7,259,950
Net position—beginning	38,337,911	32,213,450	13,929,490	12,794,001	52,267,401	45,007,451
Net position—ending	$37,067,894	38,337,911	15,027,225	13,929,490	52,095,119	52,267,401

Governmental activities—Governmental activities decreased the City's net position by $1,270,017. Overall revenues decreased 34.1 percent from the prior year. Total expenses increased 24.6 percent from the prior year largely due to increased in the pension expense allocated to the City.

A summary of sources of revenues for the years ended March 31, 2024 and March 31, 2023 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2024	2023	Dollars	Percent
Charges for services	$ 1,074,033	1,192,728	(118,695)	(10.0)
Operating grants and contributions	358,723	573,811	(215,088)	(37.5)
Real property taxes and tax items	2,054,241	2,124,027	(69,786)	(3.3)
State aid—unrestricted	5,309,717	11,010,117	(5,700,400)	(51.8)
Other general revenues	1,183,395	253,918	929,477	366.1
Total revenues	$ 9,980,109	15,154,601	(5,174,492)	(34.1)

The most significant sources of revenues for the year ended March 31, 2024 were state aid—unrestricted of $5,309,717, or 53.2 percent of total governmental activities revenues, real property taxes and tax items of $2,054,241, or 20.6 percent of total governmental activities revenues, and charges for services of $1,074,033, or 10.8 percent of total governmental activities revenues. The most significant sources of revenues for the year ended March 31, 2023 were state aid—unrestricted of $11,010,117, or 72.7 percent of total governmental activities revenues, real property taxes and tax items of $2,124,027, or 14.0 percent of total governmental activities revenues, and charges for services of $1,192,728, or 7.9 percent of total governmental activities revenues.

A summary of program expenses for the years ended March 31, 2024 and March 31, 2023 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2024	2023	Dollars	Percent
General government support	$ 1,521,268	1,365,046	156,222	11.4
Public safety	5,966,947	4,460,658	1,506,289	33.8
Health	128,263	96,914	31,349	32.3
Transportation	2,471,295	2,185,793	285,502	13.1
Economic assistance and opportunity	45,583	162,205	(116,622)	(71.9)
Culture and recreation	985,107	680,835	304,272	44.7
Home and community services	127,522	68,483	59,039	86.2
Interest and fiscal charges	4,141	10,206	(6,065)	(59.4)
Total program expenses	$ 11,250,126	9,030,140	2,219,986	24.6

The most significant expense items for the year ended March 31, 2024 were public safety of 5,966,947, or 53.0 percent of total governmental activities expenses, transportation of $2,471,295, or 22.0 percent of total governmental activities expenses, and general government support of $1,521,268, or 13.5 percent of total governmental activities expenses. Similarly, the most significant expense items for the year ended March 31, 2023 were public safety of $4,460,658, or 49.4 percent of total governmental activities expenses, transportation of $2,185,793, or 24.2 percent of total governmental activities expenses, and general government support of $1,365,046, or 15.1 percent of total governmental activities expenses.

Business-type activities—Business-type activities increased the City's net position by $1,097,735 due to operating revenues exceeding operating expenses.

Operating revenues relating to the City's business-type activities decreased by 1.5 percent and operating expenses increased by 1.6 percent for the year ended March 31, 2024 from the year ended March 31, 2023.

A summary of sources of operating revenues and expenses for the City's business-type activities for the years ended March 31, 2024 and March 31, 2023 is presented in Table 5 below.

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

	Year Ended March 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Operating revenues:				
Charges for services	$ 8,767,735	8,975,140	(207,405)	(2.3)
Rent	56,640	151,457	(94,817)	(62.6)
Federal aid	169,685	-	169,685	N/A
Total operating revenues	8,994,060	9,126,597	(132,537)	(1.5)
Operating expenses:				
Personnel services	1,599,615	1,525,329	74,286	4.9
Taxes and assessments on municipal property	9,714	9,365	349	3.7
Depreciation	228,081	258,274	(30,193)	(11.7)
Sanitary sewers	74,306	46,891	27,415	58.5
Sewage	182,495	163,483	19,012	11.6
Administration	94,558	74,107	20,451	27.6
Source of supply, power and pumping	168,993	65,693	103,300	157.2
Transportation and distribution	72,590	119,041	(46,451)	(39.0)
Electric and power	4,869,845	5,301,748	(431,903)	(8.1)
Employee benefits	796,507	403,365	393,142	97.5
Total operating expenses	8,096,704	7,967,296	129,408	1.6
Nonoperating revenues (expenses)	200,379	(23,812)	224,191	(941.5)
Transfers in (out)	-	-	-	N/A
Change in net position	1,097,735	1,135,489	(37,754)	(3.3)
Net position—beginning	13,929,490	12,794,001		
Net position—ending	$ 15,027,225	13,929,490		

The City's business-type activities' most significant expense items for the year ended March 31, 2024 were electric and power, which accounted for $4,869,845, or 60.1 percent of total operating expenses and personnel services which accounted for $1,599,615, or 19.8 percent of total operating expenses. Similarly, for the year ended March 31, 2023, the most significant expense items were electric and power, which accounted for $5,301,748, or 66.5 percent of total operating expenses and personnel services which account for $1,525,329, or 19.1 percent of total operating 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 Common Council.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $22,807,401, a decrease of $1,036,207 in comparison with the prior year's fund balance of $23,843,608. Approximately 69.3 percent of this amount, $15,816,261, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, $422,732, 2) restricted for a specific purpose, $111,122, or 3) assigned for a particular purpose, $6,457,286.

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 $15,817,191, while total fund balance was $17,183,573. The General Fund fund balance decreased by $1,214,606 from the prior year due to expenditures exceeded revenues. 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 136.5 percent of General Fund expenditures and transfers out, while total fund balance represents 172.1 percent of that same amount.

During the year ended March 31, 2024, the City's Economic Development Fund fund balance increased by $179,329 from the prior year, resulting in an ending fund balance of $5,624,758, all of which is reported as fund balance assigned for specific use.

Proprietary funds—The City's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The net position of the proprietary funds at the end of the current fiscal year totaled $15,027,225. The Water Fund net position increased by $363,318, the Sewer Fund net position increased by $592,031 and the Electric Fund net position increased by $142,386. The Water Fund, Sewer Fund and Electric Fund net position increased primarily as a result of operating revenues exceeding operating expenses.

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 March 31, 2024 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues and other financing sources	$ 11,482,931	9,644,198	10,584,197	939,999
Expenditures and other financing uses	12,315,459	10,476,726	11,798,803	(1,322,077)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ (832,528)	(832,528)	(1,214,606)	(382,078)

Original budget compared to final budget—During the year, the budget may be modified due to new information obtained regarding revenues and expenditures.

Final budget compared to actual results—The General Fund had an unfavorable variance from final budgetary appropriations of $1,322,077, the most significant variances were realized in public safety, culture and recreation, and employee benfits. Revenues had a variance of $939,999 as during the year ended March 31, 2024 the City issued a new bond in the amount of $800 thousand which was not budgeted for.

Capital Assets and Debt Administration

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of March 31, 2024 amounted to $31,715,514 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, infrastructure 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 governmental activities and business-type activities at March 31, 2024 and March 31, 2023 are presented in Table 7 below:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2024	2023	2024	2023	2024	2023
Land	$ 3,149,369	3,149,369	83,980	83,980	3,233,349	3,233,349
Construction in progress	211,381	-			211,381	-
Buildings and building improvements	3,201,311	2,587,414	10,282,827	10,439,215	13,484,138	13,026,629
Infrastructure	9,391,803	9,851,640	-	-	9,391,803	9,851,640
Machinery and equipment	2,198,823	1,422,880	3,196,020	2,480,673	5,394,843	3,903,553
Total	$ 18,152,687	$ 17,011,303	$ 13,562,827	$ 13,003,868	$ 31,715,514	$ 30,015,171

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At March 31, 2024, the City's bonds payable totaled $923,306 for governmental activities as compared to the prior year's total of $184,961. The bonds payable for business-type activities at March 31, 2024 totaled $223,980 as compared to the prior year's total of $379,460. During the year ended March 31, 2024, the City issued a new public improvements bond for $800 thousand to finance the purchase of a new fire truck. This bond will mature during the year ended March 31, 2038.

A summary of the City's long-term liabilities at March 31, 2024 and March 31, 2023 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2024	2023	2024	2023	2024	2023
Bonds payable	$ 923,306	184,961	$ 223,980	$ 379,460	$ 1,147,286	$ 564,421
NYPA loan	-	-	-	49,738	-	49,738
Capital lease	-	-	-	20,719	-	20,719
OPEB liability	643,359	691,909	-	-	643,359	691,909
Compensated absences	850,597	870,650	343,859	373,174	1,194,456	1,243,824
Net pension liability (asset)	5,477,687	22,137	1,034,285	(369,737)	6,511,972	(347,600)
Total	$ 7,894,949	1,769,657	$ 1,602,124	$ 453,354	$ 9,497,073	$ 2,223,011

Additional information on the City's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget

The unemployment rate, not seasonally adjusted, for the County of Cattaraugus, which encompasses the City, was 4.7 percent at March 31, 2024, which compares to New York State's average unemployment rate of 4.3 percent. These factors are considered in preparing the City's budget. There are many other important factors outside the City's control that exert significant influence on the budget including the uncertainty regarding the availability of Casino revenues.

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 the Comptroller's Office, City of Salamanca, 225 Wildwood Avenue, Salamanca, New York 14779.

BASIC FINANCIAL STATEMENTS

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CITY OF SALAMANCA, NEW YORK
STATEMENT OF NET POSITION
(UNAUDITED)
AT MARCH 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Salamanca Industrial Development Agency	Salamanca Housing Authority
ASSETS					
Cash and cash equivalents	$ 22,174,570	1,886,967	24,061,537	191,066	242,220
Restricted cash and cash equivalents	111,122	313,613	424,735	728,229	47,064
Restricted investments	-	-	-	-	294,462
Receivables (net of allowance):					
Taxes	883,852	-	883,852	-	-
Other	157,162	1,246,543	1,403,705	1,266	13,312
Due from Other Governments	-	-	-	14,992	-
Internal balances	400,000	(400,000)	-	-	-
Prepaid items	-	19,902	19,902	28,959	9,971
Inventories	-	277,009	277,009	-	7,907
Notes receivable	-	-	-	29,778	-
Noncurrent assets	-	-	-	3,060	-
Capital assets not being depreciated	3,360,750	83,980	3,444,730	24,500	28,000
Capital assets, net of accumulated depreciation	14,791,937	13,478,847	28,270,784	872,079	4,524,230
Total assets	41,879,393	16,906,861	58,786,254	1,893,929	5,167,166
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	4,394,728	821,234	5,215,962	83,471	106,822
Total deferred outflows of resources	4,394,728	821,234	5,215,962	83,471	106,822
LIABILITIES					
Accounts payable	77,311	649,381	726,692	-	21,040
Accrued liabilities	31,741	108,293	140,034	2,180	56,731
Intergovernmental payables	683,542	-	683,542	8,124	-
Customer deposits	-	295,512	295,512	2,675	-
Unearned revenue	-	-	-	12,842	10,411
Noncurrent liabilities:					
Due within one year	181,713	168,366	350,079	6,333	32,181
Due in more than one year	7,713,236	1,433,758	9,146,994	94,781	612,957
Total liabilities	8,687,543	2,655,310	11,342,853	126,935	733,320
DEFERRED INFLOWS OF RESOURCES					
HUD Section 8	-	-	-	58,978	
Deferred inflows—relating to pensions	518,684	45,560	564,244	9,086	20,897
Total deferred inflows of resources	518,684	45,560	564,244	68,064	20,897
NET POSITION					
Net investment in capital assets	17,229,381	13,338,847	30,568,228	896,579	4,535,130
Restricted for:					
Donations	111,122	-	111,122	-	-
Other purposes	-	18,101	18,101	864,942	395,009
Unrestricted	19,727,391	1,670,277	21,397,668	20,880	(410,368)
Total net position	$ 37,067,894	15,027,225	52,095,119	1,782,401	4,519,771

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

CITY OF SALAMANCA, NEW YORK
STATEMENT OF ACTIVITIES
(UNAUDITED)
AT MARCH 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Salamanca Industrial Development Agency	Component Units: Salamanca Housing Authority
Primary government:									
Governmental activities:									
General government support	$ 1,521,268	113,294	-	-	(1,407,974)	-	(1,407,974)	-	-
Public safety	5,966,947	2,314	157,867	-	(5,806,766)	-	(5,806,766)	-	-
Health	128,263	619,230	-	-	490,967	-	490,967	-	-
Transportation	2,471,295	98,414	-	-	(2,372,881)	-	(2,372,881)	-	-
Economic assistance and opportunity	45,583	-	-	-	(45,583)	-	(45,583)	-	-
Culture and recreation	985,107	24,328	11,918	-	(948,861)	-	(948,861)	-	-
Home and community services	127,522	216,453	188,938	-	277,869	-	277,869	-	-
Interest and fiscal charges	4,141	-	-	-	(4,141)	-	(4,141)	-	-
Total governmental activities	11,250,126	1,074,033	358,723	-	(9,817,370)	-	(9,817,370)	-	-
Business-type activities:									
Water	814,990	938,417	-	-	-	123,427	123,427	-	-
Sewer	1,201,698	1,764,042	-	-	-	562,344	562,344	-	-
Electric	6,249,435	6,291,601	-	-	-	42,166	42,166	-	-
Total business-type activities	8,266,123	8,994,060	-	-	-	727,937	727,937	-	-
Total primary government	19,516,249	10,068,093	358,723	-	(9,817,370)	727,937	(9,089,433)	-	-
Component units:									
Salamanca Industrial Development Agency	960,076	224,517	724,855	-				(10,704)	-
Salamanca Housing Authority	1,146,371	767,351	1,024	222,692				-	(155,304)
Total component units	$ 2,106,447	991,868	725,879	222,692				(10,704)	(155,304)
General revenues:									
Real property taxes and tax items					2,054,241	-	2,054,241	-	-
Use of money and property					911,180	21,400	932,580	175	9,188
Sale of property and compensation for loss					272,215	-	272,215	-	-
State aid–unrestricted					5,309,717	-	5,309,717	-	-
Miscellaneous					-	348,398	348,398	-	26,840
Total general revenues and transfers					8,547,353	369,798	8,917,151	175	36,028
Change in net position					(1,270,017)	1,097,735	(172,282)	(10,529)	(119,276)
Net position—beginning					38,337,911	13,929,490	52,267,401	1,792,930	4,639,047
Net position—ending					$ 37,067,894	15,027,225	52,095,119	1,782,401	4,519,771

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

CITY OF SALAMANCA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
(UNAUDITED)
AT MARCH 31, 2024

	General	Capital Projects	Special Revenue Economic Development	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 16,549,812	-	5,624,758	22,174,570
Restricted cash and cash equivalents	111,122	-	-	111,122
Receivables (net of allowance):				
Taxes	883,852	-	-	883,852
Other	157,162	-	-	157,162
Due from other funds	400,000	-	-	400,000
Total assets	18,101,948	-	5,624,758	23,726,706
LIABILITIES				
Accounts payable	76,381	930	-	77,311
Accrued liabilities	25,741	-	-	25,741
Intergovernmental payables	683,542	-	-	683,542
Total liabilities	785,664	930	-	786,594
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues—property taxes	132,711	-	-	132,711
Total deferred inflows of resources	132,711	-	-	132,711
FUND BALANCES				
Nonspendable	422,732	-	-	422,732
Restricted	111,122	-	-	111,122
Assigned	832,528	-	5,624,758	6,457,286
Unassigned	15,817,191	(930)	-	15,816,261
Total fund balances	17,183,573	(930)	5,624,758	22,807,401
Total liabilities, deferred inflows of resources and fund balances	$ 18,101,948	-	5,624,758	23,726,706

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

CITY OF SALAMANCA, NEW YORK
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
(UNAUDITED)
MARCH 31, 2024

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

Total fund balances - governmental funds		$ 22,807,401
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 $55,350,160 and the accumulated depreciation is $37,197,473.		18,152,687
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		132,711
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	920,242	
Deferred outflows related to experience, changes of assumptions, investment earnings and changes in proportion	3,474,487	
Deferred inflows of resources related to pensions	(518,684)	3,876,045
Net accrued interest expense for statutory bonds is not reported in the fund statements.		(6,000)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effect of these items are:		
Bonds payable	(923,307)	
Other postemployment benefits liability	(643,359)	
Compensated absences	(850,596)	
Net pension liability	(5,477,688)	(7,894,950)
Net position of governmental activities		$ 37,067,894

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

CITY OF SALAMANCA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2024

	General	Capital Projects	Special Revenue Economic Development	Total Governmental Funds
REVENUES				
Real property taxes	$ 955,402	-	-	955,402
Real property tax items	200,445	-	-	200,445
Nonproperty tax items	898,394	-	-	898,394
Departmental income	927,108	-	-	927,108
Intergovernmental charges	109,399	-	-	109,399
Use of money and property	715,268	-	195,912	911,180
Licenses and permits	15,068	-	-	15,068
Fines and forfeitures	21,858	-	-	21,858
Sale of property and compensation for loss	272,215	-	-	272,215
Miscellaneous	600	-	-	600
State aid	5,494,502	-	-	5,494,502
Federal aid	173,938	-	-	173,938
Total revenues	9,784,197	-	195,912	9,980,109
EXPENDITURES				
Current:				
General government support	1,434,659	-	-	1,434,659
Public safety	6,381,942	-	-	6,381,942
Health	127,872	-	-	127,872
Transportation	1,941,837	-	-	1,941,837
Economic assistance and opportunity	29,000	-	16,583	45,583
Culture and recreation	909,776	-	-	909,776
Home and community services	115,211	-	-	115,211
Employee benefits	579,928	-	-	579,928
Capital Outlay	-	211,381	-	211,381
Debt service:				
Principal	61,654	-	-	61,654
Interest and fiscal charges	6,473	-	-	6,473
Total expenditures	11,588,352	211,381	16,583	11,816,316
Excess (deficiency) of revenues over expenditures	(1,804,155)	(211,381)	179,329	(1,836,207)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	800,000	-	-	800,000
Interfund transfers in	-	210,451	-	210,451
Interfund transfers out	(210,451)	-	-	(210,451)
Total other financing sources (uses)	589,549	210,451	-	800,000
Net change in fund balances	(1,214,606)	(930)	179,329	(1,036,207)
Fund balances—beginning	18,398,179	-	5,445,429	23,843,608
Fund balances—ending	$ 17,183,573	(930)	5,624,758	22,807,401

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

CITY OF SALAMANCA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTLA FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2024

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

Net change in fund balances - total governmental funds		$ (1,036,207)
City 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 depreciation expense exceeded capital outlays in the current year:		
Capital asset additions	2,287,791	
Depreciation expense	(1,146,407)	1,141,384
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements:		(707,784)
In the Statement of Activities, interest expense is recognized as it accrued, regardless of when it is paid.		2,332
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume the 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, expenses 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 the related items is as follows:		
Issuance of bonds	(800,000)	
Repayment of bonds payable	61,655	
Change in other postemployment benefits liability	48,550	
Change in compensated absences	20,053	(669,742)
Change in net position of governmental activities.		$ (1,270,017)

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

CITY OF SALAMANCA, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
(UNAUDITED)
MARCH 31, 2024

	Business-type Activities - Enterprise Funds			
	Water	**Sewer**	**Electric**	**Total**
ASSETS				
Current assets				
Cash and cash equivalents	$ 393,494	988,378	505,095	1,886,967
Restricted cash and cash equivalents	30,845	51,535	231,233	313,613
Receivables (net of allowance)	95,500	188,016	963,027	1,246,543
Prepaid Expenses	-	-	19,902	19,902
Inventories	29,822	33,731	213,456	277,009
Total current assets	549,661	1,261,660	1,932,713	3,744,034
Noncurrent assets:				
Capital assets, not being depreciated:				
Land	-	12,700	71,280	83,980
Total capital assets, not being depreciated	-	12,700	71,280	83,980
Capital assets, being depreciated:				
Buildings and building improvements	5,182,230	7,138,880	9,788,051	22,109,161
Machinery and equipment	534,856	3,418,208	2,264,004	6,217,068
Accumulated depreciation	(2,892,700)	(6,315,216)	(5,639,466)	(14,847,382)
Total capital assets, being depreciated	2,824,386	4,241,872	6,412,589	13,478,847
Total capital assets	2,824,386	4,254,572	6,483,869	13,562,827
Total noncurrent assets	2,824,386	4,254,572	6,483,869	13,562,827
Total assets	3,374,047	5,516,232	8,416,582	17,306,861
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - relating to pensions	147,822	361,343	312,069	821,234
Total deferred outflows of resources	147,822	361,343	312,069	821,234
LIABILITIES				
Current liabilities				
Accounts payable	23,214	39,881	586,286	649,381
Accrued liabilities	33,583	9,721	64,989	108,293
Customer deposits	30,845	51,535	213,132	295,512
Due to other funds	-	-	400,000	400,000
Total current liabilities	87,642	101,137	1,264,407	1,453,186
Noncurrent liabilities				
Due within one year:				
Bonds payable	26,000	90,000	17,980	133,980
Compensated absences	7,660	11,971	14,755	34,386
Due in more than one year:				
Bonds payable	-	90,000	-	90,000
Compensated absences	68,942	107,737	132,794	309,473
Net pension liability	186,171	455,086	393,028	1,034,285
Total noncurrent liabilities	288,773	754,794	558,557	1,602,124
Total Liabilities	376,415	855,931	1,822,964	3,055,310
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - relating to pensions	8,201	20,046	17,313	45,560
Total deferred inflows of resources	8,201	20,046	17,313	45,560
NET POSITION				
Net investment in capital assets	2,798,386	4,074,572	6,465,889	13,338,847
Restricted	-	-	18,101	18,101
Unrestricted	338,867	927,026	404,384	1,670,277
Total net position	$ 3,137,253	5,001,598	6,888,374	15,027,225

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

CITY OF SALAMANCA, NEW YORK
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2024

	Business-type Activities - Enterprise Funds			
	Water	**Sewer**	**Electric**	**Total**
Operating revenues				
Charges for services	$ 938,417	1,594,357	6,234,961	8,767,735
Rent	-	-	56,640	56,640
Federal aid	-	169,685	-	169,685
Total operating revenues	938,417	1,764,042	6,291,601	8,994,060
Operating expenses				
Personnel services	326,151	564,681	708,783	1,599,615
Taxes and assessments on municipal property	961	5,880	2,873	9,714
Depreciation	2,239	2,040	223,802	228,081
Sanitary sewers	-	74,306	-	74,306
Sewage	-	182,495	-	182,495
Administration	94,558	-	-	94,558
Source of supply, power and pumping	168,993	-	-	168,993
Transportation and distribution	14,300	20,408	37,882	72,590
Electric and power	-	-	4,869,845	4,869,845
Employee benefits	194,966	258,157	343,384	796,507
Total operating expenses	802,168	1,107,967	6,186,569	8,096,704
Operating Income	136,249	656,075	105,032	897,356
Nonoperating revenues (expenses)				
Use of money and property	5,711	15,307	382	21,400
Payment-in-lieu of taxes	(11,196)	(85,891)	(62,005)	(159,092)
Interest expense	(1,626)	(7,840)	(861)	(10,327)
Miscellaneous	234,180	14,380	99,838	348,398
Total nonoperating revenues (expenses)	227,069	(64,044)	37,354	200,379
Change in net position	363,318	592,031	142,386	1,097,735
Total net position - beginning	2,773,935	4,409,567	6,745,988	13,929,490
Total net position - ending	$ 3,137,253	5,001,598	6,888,374	15,027,225

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

CITY OF SALAMANCA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 938,243	1,576,096	6,008,657	8,522,996
Rental income	-	-	56,640	56,640
Government Grants	-	169,685	-	169,685
Payments to suppliers for goods and services	(210,196)	(292,388)	(4,882,405)	(5,384,989)
Payments to employees for services	(480,362)	(790,083)	(979,079)	(2,249,524)
Net cash provided by (used for) operating activities	247,685	663,310	203,813	1,114,808
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Payments to) receipts from primary government				
Transfer to primary government	-	-	150,000	150,000
Miscellaneous income	234,180	14,380	99,838	348,398
Payments-in-lieu of taxes	(11,196)	(85,891)	(62,005)	(159,092)
Net cash provided by (used for) noncapital financing activities	222,984	(71,511)	187,833	339,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale of property	-	-	-	-
Principal payments on bonds	(47,500)	(90,000)	(17,980)	(155,480)
Principal payments on capital lease	-	(20,719)	-	(20,719)
Principal payments on loans payable	-	-	(49,738)	(49,738)
Acquisition of capital assets	(181,147)	(347,138)	(258,755)	(787,040)
Gain/(loss) from disposal of capital assets	-	-	-	-
Interest payments	(1,626)	(7,840)	(861)	(10,327)
Net cash used for capital and related financing activities	(230,273)	(465,697)	(327,334)	(1,023,304)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	5,711	15,307	382	21,400
Net cash provided by investing activities	5,711	15,307	382	21,400
Net increase (decrease) in cash and cash equivalents	246,107	141,409	64,694	452,210
Cash and cash equivalents - beginning *	178,232	898,504	671,634	1,748,370
Cash and cash equivalents - ending *	$ 424,339	1,039,913	736,328	2,200,580

* Cash and cash equivalents include restricted cash and cash equivalents.

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

(continued)

CITY OF SALAMANCA, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
(UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 136,249	656,075	105,032	897,356
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	2,239	2,040	223,802	228,081
(Increase) decrease in receivables	(884)	(19,816)	(241,047)	(261,747)
(Increase) decrease in inventories	23,033	(26,227)	(64,346)	(67,540)
(Increase) decrease in inventories	-	-	101,084	101,084
(Increase) decrease in deferred outflows - relating to pension	(2,272)	(5,553)	(4,796)	(12,621)
(Decrease) increase in payables	13,990	16,600	(4,687)	25,903
(Decrease) increase in accrued liabilities	31,593	328	(3,856)	28,065
(Decrease) increase in customer deposits	710	1,555	14,743	17,008
(Decrease) increase in accrued compensated absences	9,091	(44,647)	6,241	(29,315)
(Decrease) increase in net pension liability/asset	252,724	617,770	533,528	1,404,022
(Decrease) increase in deferred inflows related to pension	(218,788)	(534,815)	(461,885)	(1,215,488)
Total adjustments	111,436	7,235	98,781	217,452
Net cash provided by (used for) operating activities	$ 247,685	663,310	203,813	1,114,808

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the 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. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally 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 was incorporated in 1913. It is governed by the Charter of the City, other general laws of New York, and various local laws and ordinances. The Common Council is the legislative body responsible for the overall operations, and consists of five members elected by Ward to two-year terms. The Mayor serves a two-year term and is the Chief Executive Officer of the City.

The City provides police and fire protection, street maintenance, and snow removal services. It also maintains parks for use by its residents.

The accompanying financial statements present the City (the "primary government") and its component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units—Financial data of the City's component units that are not part of the primary government are reported in the component unit columns within the government-wide financial statements. These component units are reported in a separate column to emphasize that they are legally separate from the City and that they are not simply an extension of the primary government.

- **Salamanca Industrial Development Agency ("SIDA")**—The Salamanca Industrial Development Agency was established by Chapter 25 of the Laws of 1971 to promote the economic welfare and prosperity of the City's inhabitants and to develop economically sound commerce and industry. The SIDA Board can be made up of three to seven members approved by the governing body of the City. Board members may be removed at will by the City's governing body.

The SIDA has the power to acquire, hold, and dispose of property as it sees fit, and property under its control is exempt from real property taxes. The SIDA may also issue bonds for legitimate corporate purposes on virtually any terms without limitations as to amount. Unless expressly provided otherwise, such bonds constitute special obligation bonds of the SIDA payable from project revenues.

The entity's principal source of revenues at present are rental income, grant proceeds, and revenues derived from SIDA's lending related activities.

- **Salamanca Housing Authority ("SHA")**—The Salamanca Housing Authority was established by Public Housing Law Article 13 in 1957. Its purpose is to provide housing to low-to-moderate income persons and elderly people. It shall constitute a corporate body and consist of seven members. Five members are appointed by the Mayor and two members are elected by the housing tenants.

  The housing operations are financed primarily by rental income and New York state subsidy. The City is required to pay an annual subsidy to the Authority in an amount at least equal to the subsidy paid by the State; however, the City's subsidy can be offset in full or in part in the form of exemption of the project from taxes.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as listed below.

Salamanca Industrial Development Agency
225 Wildwood Avenue
Salamanca, New York 14779

Salamanca Housing Authority
69 Iroquois Drive
Salamanca, New York 14779

Related Organizations—These are activities undertaken jointly with other governmental units and are excluded from the financial statements.

- **The Salamanca Public Library**—The Salamanca Public Library (the "Library') is a separate education corporation chartered under the New York Education Law, Section 259, in 1918 and is governed by the New York State Not-for-Profit Corporation Law. The Library is over seen by the Library's Board of Trustees. The Library is excluded from the reporting entity because the City is unable to appoint a voting majority of the Board of Trustees of the Library and the Library is not fiscally dependent on the City.

- **The Joint Leasing Commission and Joint Development Corporation**—The City entered into a contract with the Seneca Nation of Indians. The contract contained a technical document, the Joint Leasing Commission Agreement, which required the City to appoint two commissioners to the Joint Leasing Commission. The Commission was formed to verify the City's computation of annual rental payments due for the Indian leases, and to conduct dispute resolution arising under the agreement and under the leases issued by the Seneca Nation of Indians to City residents. An annual budget is subject to approval by the City and Seneca Nation of Indians. The City paid $5,000 to Joint Leasing Commission as their share of the October 1, 2023 - September 30, 2024 budget.

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 business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units. While neither the Salamanca Industrial Development Agency nor the Salamanca Housing Authority are considered to be a major component unit, they are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. It is the City's policy to record transactions between funds as operating transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received, unless prohibited by the purpose and object of such funds.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- *Economic Development Fund*—The Economic Development Fund is used to account for funds received that are designed for economic development are approved by New York State Empire State Development.

Enterprise Funds—These funds are used to account for operations which provide goods and services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of operating income is necessary to sound financial administration. The City maintains the following enterprise funds:

- *Water Fund*—The Water Fund accounts for the City's water treatment and distribution system and is responsible for water delivery to the residents of the City.

- *Sewer Fund*—The Sewer Fund is used to record all activity related to the operation and maintenance of the sewer districts.

- *Electric Fund*—The Electric Fund is used to record the revenues and expenditures relating to electric services of the City.

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. The City reports one fiduciary fund, the *Custodial Fund*.

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 (i.e., the governmental and internal service funds) 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 business-type activities (i.e., the enterprise funds) 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 the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the 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 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 revenue 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 and pensions, 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, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met 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 funds and Custodial Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The SIDA's and the SHA's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities and are maintained on 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. Permissible investments include obligations of the United States Treasury, United State Agencies, repurchase agreements, obligations of New York State or its localities, certificates of deposit and revenue anticipation notes. The City reports no investments at March 31, 2024; however, when the City does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Funds to support restricted fund balances are reported as restricted cash and cash equivalents within the City's General Fund. The City also reports restricted cash within its proprietary funds which represents customer deposits and restricted net position. The Custodial Fund restricted cash represents cash held on behalf of others.

Receivables—Receivables are recorded and revenues are recognized as earned. Allowances are recorded when appropriate.

Inventories—Inventories of proprietary funds are valued at the lower of cost or market based upon the moving weighted-average method and are comprised of general supplies.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within each individual proprietary fund. Capital assets are defined by the City as assets with an initial, individual cost of more than $2,000 for general governmental activities and $1,000 for business-type activities, and an estimated useful life in excess of five years with the exception of the Electric Fund. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of donation. Electric Fund assets are stated at cost, which includes transportation costs and overhead. When Electric Fund assets are retired, the cost and all costs of removal, less salvage if any, is charged to accumulated depreciation.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life (Years)
Buildings and building improvements	20-50
Infrastructure	10-50
Machinery and equipment	5-20

Capital assets of the Water Fund and the Sewer Fund are depreciated over the following estimated useful lives:

	Estimated Useful Life (Years)
Buildings and building improvements	50
Machinery and equipment	20

Depreciation of the Electric Fund assets is computed using group composite straight-line rates in accordance with the New York State Public Service Commission. Straight-line composite rates used to compute depreciation for the year ended March 31, 2024 were as follows:

	Percentage
Structures	1.7-10.0
Poles, towers and fixtures	3.0
Distribution substation	3.0
Transformers	3.0-3.33
Office equipment	4.55-12.5
Equipment	16.0-25.0
Transportation equipment	12.5-17.0

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 police vehicle included as part of *expenditures—public safety*). At times, amounts 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 March 31, 2024, the City has one item that qualifies for reporting in this category. This item represents the effect of the net change in the City's proportion of the collective net position asset or liability, 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.

In addition to liabilities, the statement of financial position and the balance sheet of governmental funds 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 March 31, 2024, the City has two items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from property taxes that remain uncollected 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second 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 contribution and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

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 policy 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 balance 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 City's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The Common Council has by resolution authorized the Comptroller to assign fund balance. The Common Council may also 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 the 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 (including special assessments) 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.

Proprietary Funds 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 propriety fund's principal ongoing operations. The principal operating revenues for the proprietary funds include charges for services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—Real property taxes are levied as of April 9 of each year. Taxes must be paid by May 31 to avoid penalties. As of June 1, penalties are assessed at 10% of the total tax bill and increase a half of a percent on the first of each month thereafter.

The City is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five-year average full assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a percent of value system, assessing all properties at 12.5% of full market value. For the year ended March 31, 2024, the City had a tax levy of $955,402.

Compensated Absences—The City's policy is to pay employees for unused vacation, compensatory time, and sick time based on union agreements when there is separation from service. For governmental activities, the amount is accrued in the government-wide statement of net position as a long-term liability. For business-type activities, the full liability is recognized in both the government-wide statement of net position and the proprietary fund financial statements.

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 related to pensions, 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 benefits for retired police and fire employees as required by the union contracts. The police and fire employees become eligible for these benefits if they reach normal retirement age while working for the City. The department heads hired prior to April 1, 2009 are eligible for these benefits. More information regarding other postemployment benefits ("OPEB") is included in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses/expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements— During the year ended March 31, 2024, the City implemented 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*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements ("PPPs"). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements ("SBITAs") and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. A portion of GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the Authority's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statements No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; No. 101, *Compensated Absences,* effective for the year ending March 31, 2025; No. 102, *Certain Risk Disclosures*, effective for the year ending March 31, 2026; No. 103, *Financial Reporting Model Improvements*, effective for the year ending March 31, 2027, No. 104, *Disclosure of Certain Capital Assets* effective for the year ending March 31, 2027 and No. 105, *Subsequent Events* effective for the year ending March 31, 2028. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 96, 99, 100, 101, 102, 103, 104 and 105 will have on its financial position and results of operations when such statements are adopted.

Legal Compliance—Budgets—Through the budget, the Council sets the direction of the City, allocates its resources and established its priorities. The annual budget assures the efficient and

effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget serves from April 1 to March 31, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it established the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than January 15, the department heads submit budget estimates to the Common Council. By February 15, the Common Council must adopt a tentative budget for the fiscal year commencing the following April 1. The tentative budget includes proposed expenditures and means of financing for the General Fund.

- After public hearings are conducted to obtain taxpayer comments, but no later than March 15, the Council adopts the final budget. Toward the end of the fiscal year, the Council customarily makes budgetary transfers.

- Budgets are prepared for the Special Revenue – Economic Development Fund and the proprietary funds (Water, Sewer and Electric Funds) for general management purposes as the budgets are not legally required.

2. CASH AND CASH EQUIVALENTS

The City's investment policies are governed by New York State statutes. In addition, the City has its own written investment policy. The City monies must be deposited in FDIC-insured commercial banks or trust companies located within New York 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, 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 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 obligations 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.

Deposits—All deposits are carried at fair value, and are classified by custodial risk at March 31, 2024 as follows:

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 State statute all deposits in excess of FDIC insurance coverage must be collateralized. At March 31, 2024, 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 monies to support restricted fund balances as restricted cash and cash equivalents within the City's General Fund of $111,122. Additionally, the City reports restricted cash within its proprietary funds of $313,613 which represents customer deposits and restricted net position.

Investments—The City had no investments at March 31, 2024.

Interest Rate Risk—In accordance with its investment policy, the City manages exposure by limiting the investments to low risk type investments governed by New York State statute.

City of Salamanca Industrial Development Agency

The SIDA has its own written investment policy. The SIDA is authorized to use demand accounts and certificates of deposit, as well as other permissible investments, which include obligations of the federal government, the State of New York, and revenue and tax anticipation notes authorized by the State Comptroller. Certificates of deposit with maturities of less than 90 days are considered cash on hand.

Cash, cash equivalents and investments at March 31, 2024 are shown below.

Petty cash (uncollaterized)	$	300
Deposits		918,995
Total	$	919,295

At March 31, 2024, all of the SIDA deposits were either insured by FIDC or collateralized with securities held by the SIDA or by its agent in the SIDA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SIDA's name.

Restricted cash and cash equivalents comprise funds that are subject to limitations imposed by grantors. As of March 31, 2024, the SIDA reported $728,229 of restricted cash and cash equivalents.

Salamanca Housing Authority

The SHA considers all highly liquid cash accounts and other temporary investments with an original maturity date of three months or less to be cash equivalents. The SHA is authorized to invest in bank certificates of deposit. Deposits held at financial institutions that are in excess of FDIC limits are required to be collateralized with securities held by the pledging financial institution's trust department or agent. Investments are carried at fair value.

Cash, cash equivalents and investments at March 31, 2024 are as follows:

Petty cash (uncollateralized)	$	550
Deposits		288,734
Certificates of deposit		294,462
Total	$	583,746

At March 31, 2024, all of the SHA deposits were either insured by FIDC or collateralized with securities held by the SHA or by its agent in the SHA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SHA's name.

Restricted cash and cash equivalents are comprised of security deposits and funds that are subject to limitations imposed by grantors. As of March 31, 2024, the SHA reported $47,064 of restricted cash and cash equivalents.

At March 31, 2024, restricted investments totaled $294,462 and were held as bank certificates of deposit with an original maturity of more than three months. The fair market values of the bank certificates of deposit are not materially different from their reported amounts.

3. RECEIVABLES

Revenues accrued by the City at March 31, 2024 consisted of the following:

Taxes Receivable—Taxes receivable of the City at March 31, 2024 reported in the General Fund consisted of $883,852 due from property owners.

***Other Receivables*—**Receivables at March 31, 2024, net of related allowances for estimated uncollectible amounts, are as follows:

		Enterprise Funds		
	General Fund	Water Fund	Sewer Fund	Electric Fund
Ambulance receivable	$ 225,485	-	-	-
Customer accounts receivable	-	98,910	178,513	936,682
Other	20,384	770	18,176	52,386
Allowance for doubtful accounts	(88,707)	(4,180)	(8,673)	(26,041)
Total	$ 157,162	95,500	188,016	963,027

City of Salamanca Industrial Development Agency

SIDA receivables at March 31, 2024, included the following:

	Housing Choice Vouchers	Total
Tenants	$ 49,918	49,918
Allowance	(49,918)	(49,918)
Other	1,266	1,266
Total	$ 1,266	1,266

As of March 31, 2024, the SIDA had notes receivable with varying interest rates and terms. Notes receivable at March 31, 2024 are shown below:

	Program Income	Salamanca Area Development Corporation	Elimination	Total
Notes receivable	$ 190,761	40,586	(163,333)	68,014
Less: allowance for doubtful accounts	(21,650)	(16,586)	-	(38,236)
Total notes receivable, net	$ 169,111	24,000	(163,333)	29,778

Salamanca Housing Authority

Revenues accrued by the SHA at March 31, 2024 consisted of the following:

	State Public Housing
Tenants	$ 157,607
Allowance for bad debts	(148,539)
Interest receivable	4,244
Total	$ 13,312

4. CAPITAL ASSETS

Governmental Activities—Capital asset activity for the primary government's governmental activities for the fiscal year ended March 31, 2024 was as follows:

	Balance at 4/1/2023	Increases	Decreases	Balance at 3/31/2024
Capital assets, not being depreciated				
Land	$ 3,149,369	-	-	3,149,369
Construction in progress	-	211,381	-	211,381
Total capital assets, not being depreciated	3,149,369	211,381	-	3,360,750
Capital assets being depreciated:				
Buildings and building improvements	5,269,592	803,134	-	6,072,726
Infrastructure	38,267,140	49,732	-	38,316,872
Machinery and equipment	6,376,268	1,223,544	-	7,599,812
Total capital assets, being depreciated	49,913,000	2,076,410	-	51,989,410
Less accumulated depreciation for:				
Buildings and building improvements	(2,682,178)	(189,237)	-	(2,871,415)
Infrastructure	(28,415,500)	(509,569)	-	(28,925,069)
Machinery and equipment	(4,953,388)	(447,601)	-	(5,400,989)
Total accumulated depreciation	(36,051,066)	(1,146,407)	-	(37,197,473)
Total capital assets, being depreciated, net	13,861,934	930,003	-	14,791,937
Governmental activities, capital assets, net	$ 17,011,303	1,141,384	-	18,152,687

Business-type Activities—Capital asset activity for the primary government's business-type activities for the fiscal year ended March 31, 2024 was as follows:

	Balance 4/1/2023	Increases	Decreases	Balance 3/31/2024
Capital assets, not being depreciated				
Land	$ 83,980	-	-	83,980
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	83,980	-	-	83,980
Capital assets, being depreciated				
Buildings and building improvements	22,109,161	-	-	22,109,161
Machinery and equipment	5,430,028	787,040	-	6,217,068
Total capital assets, being depreciated	27,539,189	787,040	-	28,326,229
Less accumulated depreciation for:				
Buildings and building improvements	(11,669,946)	(156,388)	-	(11,826,334)
Machinery and equipment	(2,949,355)	(71,693)	-	(3,021,048)
Total accumulated depreciation	(14,619,301)	(228,081)	-	(14,847,382)
Total capital assets, being depreciated, net	12,919,888	558,959	-	13,478,847
Business-type activities capital assets, net	$ 13,003,868	558,959	-	13,562,827

Depreciation expense was charged to the functions and programs of the primary government as follows:

Governmental activities:	
General government support	$ 117,550
Public safety	282,541
Transportation	719,831
Culture and recreation	26,485
Total government activities depreciation expense	$ 1,146,407
Business-type activities:	
Water	$ 2,239
Sewer	2,040
Electric	223,802
Total business-type activities depreciation expense	$ 228,081

Salamanca Industrial Development Agency

Capital asset activity for the SIDA for the year ended March 31, 2024 was as follows:

	Balance 4/1/2023	Increases	Decreases	Balance 3/31/2024
Capital assets, not being depreciated:				
Land	$ 24,500	-	-	24,500
Total capital assets, not being depreciated	24,500	-	-	24,500
Capital assets, being depreciated:				
Buildings and leasehold improvements	2,705,835	214,925	-	2,920,760
Machinery and equipment	28,864	-	-	28,864
Total capital assets, being depreciated	2,734,699	214,925	-	2,949,624
Less accumulated depreciation	(2,032,496)	(45,049)	-	(2,077,545)
Total capital assets, being depreciated, net	702,203	169,876	-	872,079
Capital assets, net	$ 726,703	169,876	-	896,579

Salamanca Housing Authority

Capital asset activity for the SHA for the year ended March 31, 2024 was as follows:

	Balance 4/1/2023	Increases	Decreases and Adjustments	Balance 3/31/2024
Capital assets, not being depreciated:				
Land	$ 28,000	-	-	28,000
Construction in progress	106,726	222,692	(329,418)	-
Total capital assets, not being depreciated	134,726	222,692	(329,418)	28,000
Capital assets, being depreciated:				
Buildings and improvements	10,756,358	-	329,418	11,085,776
Equipment and furniture	302,833	6,586	-	309,419
Total capital assets, being depreciated	11,059,191	6,586	329,418	11,395,195
Less accumulated depreciation	(6,491,795)	(379,170)	-	(6,870,965)
Total capital assets, being depreciated	4,567,396	(372,584)	329,418	4,524,230
Capital assets, net	$ 4,702,122	(149,892)	-	4,552,230

5. ACCRUED LIABILITIES

Accrued liabilities reported within the governmental and proprietary funds at March 31, 2024 were as follows:

	General	Total Government Funds
Employee benefits	$ 25,741	25,741
Accrued interest	6,000	
Total per Statement of Net Position	$ 31,741	

	Water	Sewer	Electric	Total Proprietary Funds
Accrued interest	$ 2,399	5,266	11,806	19,471
Other accrued liabilities	31,184	4,455	53,183	88,822
Total accrued liabilities	$ 33,583	9,721	64,989	108,293

6. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System ("PFRS") and Employees' Retirement System ("ERS")—The City participates in the PFRS and ERS (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 be 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 (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3.0%) 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, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At March 31, 2024, the City reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2022, with update procedures used to roll forward the total net pension liabilities to the measurement date. The City's proportion of the net pension liabilities 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.

	Government Activities		Business-type Activities
	PFRS	ERS	ERS
Measurement date	March 31, 2023		
Net pension liability (asset)	$ 4,501,001	976,686	1,034,285
City's portion of the Plan's total net pension liability	0.0816809%	0.0045546%	0.0048232%

For the year ended March 31, 2024, the City recognized pension expenses of $1,290,830, $347,419, and $361,600, respectively, for PFRS, ERS – Governmental activities, and ERS – Business-type activities. At March 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities		Business-type Activities	Governmental Activities		Business-type Activities
	PFRS	ERS	ERS	PFRS	ERS	ERS
Differences between expected and actual experiences	$ 439,928	104,025	110,159	-	27,429	29,047
Changes in assumptions	2,193,326	474,341	502,316	-	5,242	5,552
Net difference between projected and actual earnings on pension plan investments	7,957	-	-	-	5,738	6,076
Changes in proportion and differences between the City's contributions and proportionate share of contributions	242,979	11,930	12,633	475,662	4,613	4,885
City contributions subsequent to the measurement date	735,039	185,203	196,126	-	-	-
Total	$ 3,619,229	775,499	821,234	475,662	43,022	45,560

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities		Business-type Activities
Year Ending March 31,	PFRS	ERS	ERS
2025	$ 406,221	131,064	138,794
2026	(159,830)	(49,643)	(52,570)
2027	1,297,609	199,924	211,715
2028	804,608	265,929	281,609
2029	59,920	-	-
Thereafter	-		-

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 below:

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.9%	5.9%
Salary scale	6.2%	4.4%
Decrement tables	April 1, 2015 - March 31, 2020	April 1, 2015 - March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

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, 2020 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 weighing 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 on the following page.

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2023	
Asset class:		
Domestic equities	32.0%	4.30%
International equity	15.0%	6.85%
Private equity	10.0%	7.50%
Real estate	9.0%	4.60%
Opportunistic/absolute return strategy	3.0%	5.38%
Credit	4.0%	5.43%
Real assets	3.0%	5.84%
Fixed income	23.0%	1.50%
Cash	1.0%	0.00%
Total	100.0%	

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 liabilities/(assets) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liabilities would be if they 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.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset) --- PFRS	9,382,548	4,501,001	458,788
Employer's proportionate share of the net pension liability/(asset) --- ERS	2,360,230	976,686	(179,427)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset) --- ERS	2,499,424	1,034,285	(190,008)

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

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2022	April 1, 2022	
Employers' total pension liability	$ 43,835,333	232,627,259	276,462,592
Plan fiduciary net position	38,324,863	211,183,223	249,508,086
Employers net pension liability (asset)	$ 5,510,470	21,444,036	26,954,506
System fiduciary net position as a percentage of total pension liability	87.4%	90.8%	90.3%

Salamanca Industrial Development Agency

The SIDA participates in the ERS.

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2024 the SIDA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The SIDA's proportion of the net pension liability was based on a projection of the SIDA'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 ERS in reports provided to the SIDA.

	ERS
Measurement date	March 31, 2023
Net pension liability (asset)	$ 86,856
SIDA's portion of the Plan's total net pension liability	0.0004050%

For the year ended March 31, 2024, the SIDA recognized pension expense of $37,053 for ERS. At March 31, 2024, the SIDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 9,252	2,438
Changes of assumption	42,183	466
Net difference between projected and actual earnings on pension investments	-	510
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,899	5,672
SIDA contributions subsequent to the measurement date	11,137	-
Total	$ 83,471	9,086

SIDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending March 31,	ERS
2025	$ 17,056
2026	141
2027	21,910
2028	24,141

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability (asset)	$ 209,895	86,856	(15,956)

Salamanca Housing Authority

The SHA participates in the ERS.

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2024 the SHA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The SHA's proportion of the net pension liability was based on a projection of the SHA'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 ERS in reports provided to the SHA.

	ERS
Measurement date	March 31, 2023
Net pension liability (asset)	$ 127,304
SHA's portion of the Plan's total net pension liability (asset)	0.0005937%

For the year ended March 31, 2024, the SHA recognized pension expense of $39,874 for ERS. At March 31, 2024, the SHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 13,559	3,575
Changes in assumptions	61,827	683
Net difference between projected and actual earnings on pension investments	-	748
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,163	15,891
SHA's contributions made subsequent to the measurement date	24,273	-
Total	$ 106,822	20,897

SHA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending March 31,	ERS
2025	$ 12,721
2026	(10,382)
2027	24,326
2028	34,987

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the SHA's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the SHA's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent).

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	$ 307,639	127,304	(23,387)

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—The City administers the City of Salamanca Retiree Medical Plan (the "Plan") as a single-employer defined benefit other postemployment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan can be amended by action of the City subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—As of March 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	52
Total	59

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate.

Total OPEB Liability

The City's total OPEB liability of $643,359 was measured as of March 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions—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 March 31, 2024 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of March 31, 2024. The discount rate used remained at 3.60%. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees' Retirement System. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.80% for medical, while the ultimate healthcare cost trend rate is 4.10%.

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

	Total OPEB Liability
Balance at March 31, 2023	$ 691,909
Changes for the year:	
Service cost	18,000
Interest	22,571
Changes of assumptions	(36,361)
Effect of economic/demographic gains or losses	(10,742)
Effect of assumptions changes or inputs	(14,644)
Benefit payments	(27,374)
Net changes	(48,550)
Balance at March 31, 2024	$ 643,359

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 the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.6%)	Current Discount Rate (3.6%)	1% Increase (4.6%)
Total OPEB liability	$ 732,067	643,359	570,900

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.8%) and ultimate (4.1%) healthcare cost trend rates.

	1% Decrease (4.8% / 3.1%)	Healthcare Cost Trend Rates (5.8% / 4.1%)	1% Increase (6.8% / 5.1%)
Total OPEB liability	$ 570,011	643,359	732,921

***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's Board. The City's contributions to the OPEB plan are based on the negotiated contracts with four bargaining units, as discussed in Note 14. Any amendments to the employer's contributions are subject to the collective bargaining agreements. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The City contributed $27,374 for the fiscal year ended March 31, 2024.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*—**The City may report deferred outflows of resources and deferred 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. As of March 31, 2024, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance to cover such potential risks. The liability insurance limits are as follows: commercial property coverage with a blanket limit of $41,271,307, general liability coverage with a per occurrence limit of $1,000,000 and general aggregate limit of $3,000,000, commercial automobile coverage with a liability limit of $1,000,000 per occurrence, public officials and police professional liability limits of $1,000,000 per occurrence and an annual aggregate limit of $2,000,000, commercial excess liability with an occurrence limit of $6,000,000 and general annual aggregate limit of $12,000,000 (aggregate annual limit for personal and advertising liability, products and completed operations liability, law enforcement liability and public officials liability of $6,000,000). There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past five fiscal years.

9. LEASE OBLIGATIONS

Capital Leases—The City had entered into a lease agreement as a lessee for financing the acquisition of a truck within its business-type activities. Lease principal payments were recorded as a reduction in capital lease liability within business-type activities.

This lease was paid in full during the year ended March 31, 2024.

10. 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, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, loan payable, capital leases, other postemployment benefits ("OPEB") liability, compensated absences and net pension liability.

A summary of changes in the City's long-term liabilities at March 31, 2024 follows:

	Balance 4/1/2023	Additions	Reductions	Balance 3/31/2024	Due Within One Year
Governmental activities:					
Bonds payable	$ 184,961	800,000	61,655	923,306	96,654
OPEB liability	691,909	40,571	89,121	643,359	-
Compensated absences*	870,650	-	20,053	850,597	85,059
Net pension liability*	22,137	5,455,550	-	5,477,687	-
Total governmental activities	1,769,657	6,296,121	170,829	7,894,949	181,713
Business-type activities:					
Bonds payable	379,460	-	155,480	223,980	133,980
Loan payable	49,738	-	49,738	-	-
Capital lease	20,719	-	20,719	-	-
Compensated absences*	373,174	-	29,315	343,859	34,386
Net pension liability (asset)*	(369,737)	1,404,022	-	1,034,285	-
Total business-type activities	$ 453,354	1,404,022	255,252	1,602,124	168,366

(*Reductions/additions to the net pension liability/compensated absences are shown net of additions/reductions.)

Bond Payable—The City issues general obligation bonds and statutory installment bonds to provide funds for the acquisition, construction and renovation of major capital facilities. General obligation bonds have been issued for governmental activities and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

A default will have occurred if the payment of principal or interest are not paid when due and payable. The City does not have any lines of credit.

A summary of additions and payments of serial bonds and statutory installment bonds for the year ended March 31, 2024 is shown below:

Year of Issuance	Original Issue	Interest rate (%)	Year of Maturity	Balance 4/1/2023	Additions	Payments	Balance 3/31/2024	Due Within One Year
Governmental activities:								
Serial bonds:								
2024	$ 800,000	5.0-5.25	2038	-	800,000	-	800,000	35,000
2021	182,279	3.5	2026	109,367	-	36,456	72,911	36,456
2021	125,992	3.5	2026	75,594	-	25,199	50,395	25,198
Total governmental activities				184,961	800,000	61,655	923,306	96,654
Business-type activities:								
Serial bonds:								
2020	130,000	2.5	2024	52,000	-	26,000	26,000	26,000
2020	86,000	2.5	2024	21,500	-	21,500	-	-
2020	89,900	2.5	2025	35,960	-	17,980	17,980	17,980
2020	450,000	3.5	2026	270,000	-	90,000	180,000	90,000
Total business-type activities				$ 379,460	-	155,480	223,980	133,980

Loan Payable—The City entered into an agreement with the New York State Power Authority ("NYPA") to participate in the Municipal Alternate Fuel Vehicle Program. As a result, NYPA provided financing assistance for the City to purchase a hybrid truck in the amount of $290,134. The City will repay the financing over a three-year period by paying a surcharge on its monthly electric bills. The City paid $49,738 during the year ended March 31, 2024 which resulted in the loan being paid in full.

Capital Leases—As described in Note 9, the balance of capital leases was paid in full during the year ended March 31, 2024.

OPEB Liability—As explained in Note 8, the City provides health insurance coverage for certain retirees. The City's annual other 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 long-term OPEB liability is $643,359 at March 31, 2024.

Compensated Absences—As described in Note 1, the liability for compensated absences, which totals $850,596 for governmental activities and $343,859 for business-type activities, represents amounts relating to sick and personal leave for employees. Payments of these liabilities are dependent upon many factors (including retirement, termination, or employees leaving service) and, therefore, timing of future payments of such are not readily determinable. The City has estimated that $85,060 and $34,386 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System and Police and Fire Retirement System. The net pension liability is $5,477,687 for governmental activities and $1,034,285 for business-type activities, respectively. Refer to Note 7 for additional information related to the City's net pension liability.

The City's debt service requirements for its long-term liabilities are as follows:

Governmental Activities

Fiscal Year Ending March 31,	Bonds Payable	OPEB Obligation	Compensated Absences	Net Pension Liability	Total
2025	$ 96,654	-	85,059	-	181,713
2026	101,652	-	-	-	101,652
2027	45,000	-	-	-	45,000
2028	45,000	-	-	-	45,000
2029	50,000	-	-	-	50,000
Thereafter	585,000	643,359	765,538	5,477,687	7,471,584
Total	$ 923,306	643,359	850,597	5,477,687	7,894,949

Business-type Activities

Fiscal Year Ending March 31,	Bonds Payable	Compensated Absences	Net Pension Liability	Total
2025	$ 133,980	34,386	-	168,366
2026	90,000	-	-	90,000
Thereafter	-	309,473	1,034,285	1,343,758
Total	$ 223,980	343,859	1,034,285	1,602,124

Interest requirements relating to bonds payable are as follows:

Fiscal Year Ending March 31,	Governmental Activities	Business-type Activities	Total
2025	$ 56,709	10,000	66,709
2026	40,721	3,150	43,871
2027	36,563	-	36,563
2028	34,313	-	34,313
2029	32,063	-	32,063
Thereafter	160,525	-	160,525
Total	$ 360,894	13,150	374,044

Salamanca Industrial Development Agency

The changes in the SIDA's long-term indebtedness during the year ended March 31, 2024, are summarized below:

	Balance 4/1/2023	Additions	Reductions	Balance 3/31/2024	Due Within One Year
Compensated absences*	$ 6,374	-	41	6,333	6,333
Unearned revenue	-	7,925	-	7,925	-
Net pension liability (asset)*	(21,921)	108,777	-	86,856	-
Total	$ (15,547)	116,702	41	101,114	6,333

(*Additions/reductions to compensated absences and the net pension liability are shown as net amounts.)

Compensated Absences—The SIDA's eligible employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and compensatory time subject to certain maximum limitations. The compensated absences liability is estimated to be $6,333 at March 31, 2024.

Net Pension Liability/(Asset)—The SIDA reports a liability (asset) for its proportionate share of the net pension liability (asset) for the Employees' Retirement System. The net pension liability is estimated to be $86,856 at March 31, 2024. Refer to Note 7 for additional information related to the SIDA's net pension liability.

Salamanca Housing Authority

The changes in the SHA's long-term indebtedness during the year ended March 31, 2024 are summarized below:

	Balance 4/1/2023	Additions	Reductions	Balance 3/31/2024	Due Within One Year
Bonds payable	$ 53,680	-	26,840	26,840	26,840
Compensated absences*	65,120	-	34,714	30,406	5,341
Net pension liability (asset)*	(53,373)	180,677	-	127,304	-
OPEB liability	357,265	140,366	37,043	460,588	-
Total	$ 422,692	321,043	98,597	645,138	32,181

(*Reductions to compensated absences and the net pension liability are shown net of additions.)

Serial Bonds—A summary of the estimated serial bonds payable requirements is presented below:

For the Year Ending March 31,	Principal	Interest
2025	$ 26,840	1,024
Total	$ 26,840	1,024

Compensated Absences—As of March 31, 2024, the Salamanca Housing Authority had a liability for employee compensated absences totaling $30,406. Of this amount, $5,341 is considered to be due and payable within one year.

Net Pension Liability (Asset)—The SHA reports a liability (or asset) for its proportionate share of the net pension liability (asset) for the Employee Retirement System. The net pension liability is estimated to be $127,304 as of March 31, 2024. Refer to Note 7 for additional information related to the SHA's net pension liability.

OPEB Liability—The SHA provides health insurance coverage for certain retirees. The City's annual other 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 long-term OPEB liability is $460,588 at March 31, 2024.

11. NET POSITION AND FUND BALANCE

The government-wide 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

governmental and business-type activities net investment in capital assets are shown on the following page.

Governmental activities:		
Capital assets, net of accumulated depreciation		$ 18,152,687
Related debt:		
Bonds issued for capital assets	(923,306)	
Debt issued for capital assets		(923,306)
Net investment in capital assets---governmental activities		$ 17,229,381

Business-type activities:		
Capital assets, net of accumulated depreciation		$ 13,562,827
Related debt:		
Bonds issued for capital assets	$ (223,980)	
Debt issued for capital assets		(223,980)
Net investment in capital assets---business-type activities		$ 13,338,847

- ***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. Restricted net position of the City at March 31, 2024 includes $111,122 of donations restricted for specific purposes, and $18,101 of utility electric funds being held for high density load customers.

- ***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 balances maintained by the City at March 31, 2024 includes $422,732 of delinquent taxes receivable and taxes receivable related to other property held by the City for resale in the General Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislature. Restricted fund balances of the City at March 31, 2024 include $111,122 in donations restricted for specific purposes.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the City. For example, the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. Also, the Common Council has authorized the Comptroller to make a determination of the assigned amounts of fund balance. As of March 31, 2024, the City reported the assignments described below.

- ***Assigned to Subsequent Year's Expenditures***—Represents funds to be used to assist in supporting the subsequent year authorized appropriations. At March 31, 2024, the City reports $832,528 of assigned to subsequent year's expenditures in the General Fund.

- ***Assigned to Specific Use***—Represents remaining fund balance of $5,624,758 in the Economic Development Fund that IS designated to be used for that fund's specific purposes.

If the City must use funds for emergency expenditures, the Common Council shall authorize the Comptroller to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds, as classified by GASB, will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the City will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of March 31, 2024 is as follows:

	Interfund	
Fund	Receivable	Payable
Governmental funds:		
General Fund	$ 400,000	-
Total governmental funds	400,000	-
Proprietary funds:		
Sewer Fund	-	-
Electric Fund	-	400,000
Total proprietary funds	-	400,000
Total	$ 400,000	400,000

Interfund balances are the result of transfers made to the proprietary funds to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

Transfers are used primary to support the functions of various funds and to allocate costs between funds. During the year ended March 31, 2025, the City transferred $251,451 from the General Fund to the Capital Projects Fund.

13. LABOR CONTRACTS

City employees are represented by four bargaining units with the balance governed by City Council rules and regulations. As of the date of these financial statements, the Professional Fire Fighters and Board of Public Utilities have contracts settled through March 31, 2027, the CSEA Local 1000 (Police) has a contract settled through March 31, 2025, and the DPW Employees' Union has a contract settled through March 31, 2026.

14. RELATED PARTY TRANSACTIONS

Salamanca Industrial Development Corporation

Expenses of $9,098 were incurred by the SIDA during the year ended March 31, 2024 in connection with the City's services to the SIDA relating to comptroller services, use of a copy machine, and monthly rental of office space.

The SIDA made payments in the amount of $100,852 to the SHA, a related organization. These payments were for rental housing assistance under the SIDA's Section 8 Housing Choice Voucher program.

Salamanca Housing Authority

The SHA has contracts whereby the City provides various support services. These transactions are consummated on terms equivalent to those that prevail in arm's-length transactions. During the year ended March 31, 2024, the SHA incurred the following:

Seneca Nation lease	$	7,451
Fuel usage		534
Employee benefits		73,013
Utilities and municipal service charge		157,040
Total	$	238,038

At March 31, 2024, accounts payable to the City totaled $14,141.

During the year ended March 31, 2024, the SHA received a total of $100,852 in rental receipts from the SIDA. These receipts were paid to the SHA by the Agency's Federal Housing Choice Voucher program, which provides eligible tenants with housing assistance payments.

15. NEW YORK STATE CASINO REVENUES

The City of Salamanca is located almost entirely upon the Seneca Nation of Indians Reservation in Cattaraugus County. In 2004, the Seneca Nation completed the construction of a casino which engages in Class III Gaming pursuant to authority contained in the Seneca Nation / New York State Gaming Compact (the "Compact") which was made effective on April 12, 2002.

The Compact provides the Seneca Nation with the exclusive right to engage in Class III Gaming throughout all of Western New York in exchange for the Seneca Nation paying an exclusivity fee to New York State. Pursuant to the provisions of Section 99-h of the State Finance Law, a portion of that exclusively fee is paid by New York State to those municipalities in which the Seneca gaming faculties are located in order to offset the impact of the casino on those hosting municipalities. This is referred to as the "local share".

In the case of the City of Salamanca, the local share is divided among the City, the County of Cattaraugus (the "County"), and the City of Salamanca School District (the "School").

The City and the County have entered into an agreement which sets forth how local share is to be apportioned which briefly provides as follows:

- The City, the County and the School are first reimbursed for tax loss as a result of Native American tax immunity (each time an enrolled member of the Seneca Nation of Indians or the Seneca Nation itself buys property located on the Reservation, that person and property are immune from taxation).

- The City and the County are reimbursed for direct impact costs (expenses incurred directly related to the casino being located within the municipality).

- Any remaining local share funds are divided 75 percent to the City and 25 percent to the County for economic development.

The agreement further provides that significant expenditures for equipment or capital improvements would be financed by bonding in order to increase the amount of local share funds available. The City and the County each develop a spending plan which must be submitted and approved by New York State Economic Development before Section 99-h local share funds are remitted to the municipalities.

Over the years the City has responded to the increase in services required and has expended the funds required to meet these demands, including bonding in order to finance required equipment and upgrades to the sewer and water facilities, with the understanding that the expenditures would be reimbursed via the local share of Section 99-h funds.

After the initial fourteen-year period of the Compact passed without the State or Seneca Nation objecting, in 2016 the Compact was automatically extended for an additional seven years. However, there was no mention of the Seneca Nation continuing the State payment, which flows to the City. Further, during the year ended March 31, 2017, the Seneca Nation officials notified State officials that they would be making their final casino revenue sharing payment under the Compact.

During the year ended March 31, 2017, the City received Casino funds representing the last quarter of the 2016 fiscal year, which is regularly received on a lag of several months, and the first three quarters of the 2017 fiscal year. Further, the City received no payments during the years ended March 31, 2018 and 2019. During the year ended March 31, 2023, the City received the fourth quarter payment of the 2017 fiscal year in the amount of $9,520,578, which was indicated by the Seneca Nation to be the final payment expected to be received.

During the year ended March 31, 2020, an arbitrator determined that the Seneca Nation owed New York State for past payments. New York State advanced to the City of Salamanca $4,700,000 and $5,000,000 during the years ended March 31, 2020 and 2021, respectively. As such, any revenues received from the Compact related to those fiscal years has been provided to New York State. During the year ended March 31, 2024, the City recognized $4,350,686 of Compact revenue.

16. TAX ABATEMENTS

The City is subject to tax abatements granted by the Cattaraugus County Industrial Development Agency ("CCIDA") and the City of Salamanca Industrial Development Agency ("SIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and the SIDA 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 the 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 CCIDA and the SIDA, the City collected $1,292 during the year ended March 31, 2024 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $3,015 in property taxes.

17. CONTINGENCIES

Litigation—The City is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the City. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the City's financial condition or results of operation.

Grants—In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The City is also involved in litigation arising in the ordinary course of its operations. The City believes that its 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.

18. SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - POLICE AND FIRE RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca (the "City"):										
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
City's proportion of the net pension liability (asset)	0.0816809%	0.0765270%	0.0656080%	0.0644071%	0.0665571%	0.0735337%	0.0661397%	0.0610033%	0.0602906%	0.0602906%
City's proportionate share of the net pension liability (asset)	$ 4,501,001	434,708	1,139,136	3,442,520	1,116,205	743,247	1,370,845	1,806,179	165,956	250,996
City's covered-employee payroll	$ 2,707,988	2,583,295	2,271,155	2,065,222	2,013,320	2,005,683	2,030,323	1,488,575	1,327,214	1,465,064
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	166.2%	16.8%	50.2%	166.7%	55.4%	37.1%	67.5%	121.3%	12.5%	17.1%
Plan fiduciary net position as a percentage of the total pension liability	87.40%	98.70%	95.80%	84.90%	95.10%	96.90%	94.70%	90.20%	99.00%	98.50%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

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

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
POLICE AND FIRE RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca (the "City"):										
Contractually required contribution	$ 381,547	666,993	485,649	446,742	437,857	457,057	391,764	337,270	421,995	382,596
Contributions in relation to the contractually required contributior	381,547	666,993	485,649	446,742	437,857	457,057	391,764	337,270	421,995	382,596
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payrol	$ 2,707,988	2,583,295	2,583,293	2,271,155	2,065,222	2,013,320	2,005,683	2,030,323	1,488,575	1,327,214
Contributions as a percentage of covered-employee payrol	14.1%	25.8%	18.8%	19.7%	21.2%	22.7%	19.5%	16.6%	28.3%	28.8%

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

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	90.80%	103.70%	100.00%	86.40%	96.30%	98.20%	94.70%	90.70%	97.90%	97.20%
Governmental activities:										
City of Salamanca (the "City"):										
City's proportion of the net pension liability (asset)	0.0045546%	0.0050470%	0.0047030%	0.0045093%	0.0047110%	0.0043727%	0.0045930%	0.0045819%	0.0050241%	0.0050241%
City's proportionate share of the net pension liability (asset)	$ 976,686	(412,571)	4,683	1,318,066	333,818	154,148	453,214	735,399	169,729	227,035
City's covered-employee payroll	$ 1,479,872	1,517,003	1,533,311	1,507,308	1,445,168	1,415,270	1,514,345	1,277,925	1,560,117	1,186,808
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.0%	-27.2%	0.3%	87.4%	23.1%	10.9%	29.9%	57.5%	10.9%	19.1%
Business-type activities:										
City of Salamanca (the "City"):										
City's proportion of the net pension liability (asset)	0.0048232%	0.0045230%	0.0048888%	0.0049441%	0.0050060%	0.0054980%	0.0056296%	0.0051176%	0.0054115%	0.0054115%
City's proportionate share of the net pension liability (asset)	$ 1,034,285	(369,737)	4,868	1,308,618	354,742	177,453	529,045	821,396	182,824	244,549
City's covered-employee payroll	$ 1,567,147	1,359,505	1,351,437	1,380,413	1,367,684	1,387,713	1,549,600	1,280,981	1,608,300	1,536,394
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.0%	-27.2%	0.4%	94.8%	25.9%	12.8%	34.1%	64.1%	11.4%	15.9%

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

(continued)

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Discretely presented component units:										
Salamanca Industrial Development Agency ("SIDA"):										
SIDA's proportion of the net pension liability (asset)	0.0405000%	0.0002682%	0.0000915%	0.0001285%	0.0001480%	0.0001456%	0.0001758%	0.0018190%	0.0001449%	0.0001449%
SIDA's proportionate share of the net pension liability (asset)	$ 86,856	(21,922)	91	34,026	10,484	4,698	16,519	29,203	4,896	6,549
SIDA's covered-employee payroll	$ 119,328	106,323	93,985	68,525	80,918	77,524	70,397	70,374	92,831	N/A
SIDA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.8%	-20.6%	0.1%	49.7%	13.0%	6.1%	23.5%	41.5%	5.3%	N/A
Salamanca Housing Authority ("SHA")										
SHA's proportion of the net pension liability (asset)	0.0005937%	0.0006529%	0.0008070%	0.0008991%	0.0008948%	0.0009151%	0.0009216%	0.0008752%	0.0008613%	0.0008613%
SHA's proportionate share of the net pension liability (asset)	$ 127,304	(53,373)	804	238,096	63,402	29,534	86,595	140,471	29,095	38,919
SHA's covered-employee payroll	$ 183,318	209,386	200,925	225,669	225,513	218,093	210,960	204,940	187,349	N/A
SHA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.4%	-25.5%	0.4%	105.5%	28.1%	13.5%	41.0%	68.5%	15.5%	N/A

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

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities:										
City of Salamanca (the "City"):										
Contractually required contribution	$ 185,309	169,784	182,362	192,964	195,699	209,581	198,851	194,715	219,214	244,627
Contributions in relation to the contractually required contribution	185,309	169,784	182,362	192,964	195,699	209,581	198,851	194,715	219,214	244,627
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	$ 1,479,872	1,517,003	1,526,522	1,533,311	1,507,308	1,445,168	1,415,270	1,514,345	1,277,925	1,560,117
Contributions as a percentage of covered-employee payroll	12.5%	11.2%	11.9%	12.6%	13.0%	14.5%	14.1%	12.9%	17.2%	15.7%
Business-type activities:										
City of Salamanca (the "City"):										
Contractually required contribution	$ 196,238	152,156	189,567	194,428	206,955	239,959	221,419	202,132	206,064	243,274
Contributions in relation to the contractually required contribution	196,238	152,156	189,567	194,428	206,955	239,959	221,419	202,132	206,064	243,274
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	$ 1,567,147	1,359,505	1,231,284	1,351,437	1,380,413	1,367,684	1,387,713	1,549,600	1,280,981	1,608,300
Contributions as a percentage of covered-employee payroll	12.5%	11.2%	15.4%	14.4%	15.0%	17.5%	16.0%	13.0%	16.1%	15.1%

* Ten years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

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

(continued)

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)
LAST TEN FISCAL YEARS *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Discretely presented component units:										
Business-type activities:										
Salamanca Industrial Development Agency ("SIDA"):										
Contractually required contribution	$ 11,137	8,551	13,670	10,747	10,869	10,517	9,890	10,166	12,742	-
Contributions in relation to the contractually required contribution	11,137	8,551	13,670	10,747	10,869	10,517	9,890	10,166	12,742	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
SIDA's covered-employee payroll	$ 119,328	106,323	93,985	68,525	80,918	77,524	70,397	70,374	92,831	N/A
Contributions as a percentage of covered-employee payroll	9.3%	8.0%	14.5%	15.7%	13.4%	13.6%	14.0%	14.4%	13.7%	N/A
Salamanca Housing Authority ("SHA"):										
Contractually required contribution	$ 24,273	24,482	34,162	33,483	33,301	32,312	31,623	30,718	35,642	42,272
Contributions in relation to the contractually required contribution	24,273	24,482	34,162	33,483	33,301	32,312	31,623	30,718	35,642	42,272
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
SHA's covered-employee payroll	$ 183,318	209,386	200,925	225,669	225,513	218,093	210,960	204,940	187,349	N/A
Contributions as a percentage of covered-employee payroll	13.2%	11.7%	17.0%	14.8%	14.8%	14.8%	15.0%	15.0%	19.0%	N/A

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

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)
LAST SIX FISCAL YEARS

	2024	2023	2022	2021	2020	2019
Total OPEB liability						
Service cost	$ 18,000	18,000	10,367	23,542	10,367	7,399
Interest	22,571	22,571	21,020	14,576	15,223	19,284
Changes in assumptions	(47,103)	(14,653)	(14,749)	(74,892)	-	124,338
Effect of economic/demographic gains or losses	(14,644)	37,818	13,075	125,146	(40,275)	19,378
Benefit payments	(27,374)	(27,374)	(23,695)	(23,053)	(23,886)	(29,743)
Prior period adjustments	-	-	33,537	-	-	-
Net change in total OPEB liability	(48,550)	36,362	39,555	65,319	(38,571)	140,656
Total OPEB liability - beginning	691,909	655,547	615,992	550,673	589,244	448,588
Total OPEB liability - ending	$ 643,359	691,909	655,547	615,992	550,673	589,244
Plan fiduciary net position						
Contributions - employer	$ 27,374	27,374	23,695	23,053	23,886	29,743
Benefit payments	27,374	27,374	23,695	23,053	23,886	29,743
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	$ -	-	-	-	-	-
City's net OPEB liability - ending	$ 643,359	691,909	655,547	615,992	550,673	589,244
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 4,979,776	4,329,204	4,109,815	3,804,466	3,572,530	3,458,488

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

CITY OF SALAMANCA, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
(UNAUDITED)
YEAR ENDED MARCH 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 957,030	957,030	955,402	(1,628)
Real property tax items	204,500	204,500	200,445	(4,055)
Nonproperty tax items	950,000	950,000	898,394	(51,606)
Departmental income	608,750	608,750	927,108	318,358
Intergovernmental charges	116,918	116,918	109,399	(7,519)
Use of money and property	520,500	520,500	715,268	194,768
Licenses and permits	15,000	15,000	15,068	68
Fines and forfeitures	15,000	15,000	21,858	6,858
Sale of property and compensation for loss	8,000	8,000	272,215	264,215
Miscellaneous	9,500	9,500	600	(8,900)
State aid	8,077,733	6,239,000	5,494,502	(744,498)
Federal aid	-	-	173,938	173,938
Total revenues	11,482,931	9,644,198	9,784,197	139,999
EXPENDITURES				
Current:				
General government support	1,999,376	1,999,376	1,434,659	564,717
Public safety	5,098,289	5,098,789	6,381,942	(1,283,153)
Health	9,530	9,530	127,872	(118,342)
Transportation	4,160,012	2,321,279	1,941,837	379,442
Economic assistance and opportunity	20,000	20,000	29,000	(9,000)
Culture and recreation	429,861	429,861	909,776	(479,915)
Home and community services	213,646	213,646	115,211	98,435
Employee benefits	162,300	161,800	579,928	(418,128)
Debt service:				
Principal	61,654	61,654	61,654	-
Interest and fiscal charges	10,791	10,791	6,473	4,318
Total expenditures	12,165,459	10,326,726	11,588,352	(1,261,626)
Excess (deficiency) of revenues over expenditures	(682,528)	(682,528)	(1,804,155)	(1,121,627)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	800,000	800,000
Transfers out	(150,000)	(150,000)	(210,451)	(60,451)
Total other financing sources (uses)	(150,000)	(150,000)	589,549	739,549
Net change in fund balances *	(832,528)	(832,528)	(1,214,606)	(382,078)
Fund balances—beginning	18,398,179	18,398,179	18,398,179	-
Fund balances—ending	$ 17,565,651	17,565,651	17,183,573	(382,078)

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

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

CITY OF SALAMANCA, NEW YORK
Notes to the Required Supplementary Information
(Unaudited)
Year Ended March 31, 2024

1. OPEB LIABILITY

Changes of Assumptions - Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which was 3.60% as of March 31, 2024. This was the same rate in effect at March 31, 2023. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Finally, the healthcare cost trend rate has an initial healthcare cost trend rate used is 5.80% for medical, while the ultimate healthcare cost trend rate is 4.10%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Economic Development 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 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. 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 appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. There were no outstanding encumbrances at March 31, 2024.

Excess of Expenditures Over Appropriations—For the year ended March 31, 2024, the City expenditures in excess of the final budget amount within the Public Safety, Culture and Recreation, Employee Benefits, Health, and Economic Assistance and Opportunity categories of $1,283,153, $479,915, $418,128, $118,342 and $9,000, respectively, due to higher costs than what was forecasted with the budget.

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

Honorable Mayor and Members of the Common Council
City of Salamanca, New York

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the "City") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2026. Our report disclaims an opinion on such financial statements because of the scope of our audit was limited due to the inadequacy of accounting records and there were multiple account balances that were unsubstantiated and other account balances that remained unchanged from the prior year. We were unable to confirm or verify, by performing other audit procedures, the balances of these accounts as of and for the year ended March 31, 2024.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, and 2024-007 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*.

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. The City's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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

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

West Seneca, New York
June 3, 2026

We consider the deficiencies identified below to be material weaknesses in internal control:

Finding 2024-001—Knowledge of Governmental Generally Accepted Accounting Principles

Criteria: Adequate knowledge of generally accepted accounting principles in the United States ("GAAP") for governmental entities should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosures, exclusive of the efforts of the independent auditor.

Condition and Context: The expertise in selecting and applying governmental GAAP was not present throughout the year. This condition is considered to be a weakness in internal controls as this ultimately resulted in insufficient appropriate audit evidence on which to base our audit opinion.

Cause: Insufficient knowledge in governmental GAAP throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2024.

Recommendation: We recommend that the City Comptroller continue to work to improve the quality of the City's accounting and financial records in order to facilitation the preparation of the timely and reliable financial statements in accordance with governmental GAAP in future years.

Management's Response: The City intends to improve its procedures to address this comment.

Finding 2024-002—Financial Records

Criteria: Adequate supporting documentation should be maintained by the City for all transactions that occur during the year, including, but not limited to, cash receipts, cash disbursements, purchasing, interfund transactions, journal entries, and bank reconciliations.

Condition and Context: Throughout our audit the City was unable to provide supporting documentation or adequate documentation of approvals to substantiate many of the transactions occurring during the year ended March 31, 2024 and account balances at year-end.

Cause: Lack of appropriate internal control procedures regarding financial records throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2024.

Recommendation: We recommend that the City reevaluate their current procedures for financial transactions and develop standard written procedures for maintaining adequate supporting financial records documentation.

Management's Response: The City intends to improve its processes to ensure that adequate supporting documentation is maintained.

Finding 2024-003—Policies and Procedures

Criteria: Internal controls over financial reporting should be designed and executed to detect and prevent potential misstatements. While the City has certain formalized accounting policies and procedures, they are not routinely enforced.

Condition and Context: The City adopted a set of accounting policies and procedures that cover the proper treatment of and internal controls surrounding the City's accounting cycles. These policies and procedures describe who is responsible for the various processes, what the proper accounting treatment is of the transactions within the general ledger, and the amount of supporting documentation to be maintained for each financial transaction. During our audit procedures, we noted that these policies and procedures were not consistently applied or enforced throughout the year.

Cause: The prescribed accounting policies and procedures are not routinely applied or enforced.

Effect or Potential Effect: Lack of proper internal controls surrounding accounting transactions.

Recommendation: We recommend that the City review the current policies to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting. We recommend that the proper prescribed procedures are routinely enforced.

Management's Response: The City will review its policies and procedures to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting.

Finding 2024-004—Journal Entries

Criteria: All manual journal entries should clearly identify the purpose of each manual journal entry, provide supporting documentation and include evidence of an independent review of each journal entry.

Condition and Context: Clearly identifying the purpose, including adequate supporting documentation and providing the evidence of an independent review of each journal entry will allow for consistent accounting treatment and ensures appropriate controls support the posting of entries to the general ledger.

Effect or Potential Effect: There is the potential the City's financial statements will not present the financial position and the changes in financial position in conformity with accounting

principles generally accepted in the United States of America. In addition, there is the potential risk of material misstatement of the City's financial statements due to fraud or error.

Cause: During the year ended March 31, 2024, we found that journal entries lacked supporting documentation and there was no evidence of an independent review of each journal entry.

Recommendation: We recommend that the City clearly identify the purpose, provide supporting documentation and include evidence of an independent review each journal entry.

Management's Response: The City intends to improve its process surrounding journal entries to abide to the formal policy.

Finding 2024-005—Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger for all cash accounts within a reasonable time of receiving the bank statements. This reconciliation should be signed off and dated by the preparer and then be appropriately reviewed by another party.

Condition and Context: During the year ended March 31, 2024, several bank accounts were not performed in a timely manner and others were not performed at all. Further, there was no evidence of a review on those bank reconciliations that were performed.

Effect or Potential Effect: The City is at risk of misstated general ledger account balances and exposed to increased risk of errors in reporting and the opportunity for fraud.

Cause: Bank reconciliations were not performed or reviewed consistently during the year ended March 31, 2024.

Recommendation: We recommend that the City performs timely bank reconciliations on all cash accounts. Further, these reconciliations should be reviewed by a third party.

Management's Response: The City intends to improve its bank reconciliation procedures to address the items above.

Finding 2024-006—Cash Collection Procedures

Criteria: Key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated.

Condition and Context: Consistent cash receipt procedures are not being following to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Effect or Potential Effect: The absence of a segregated control system presents the opportunity for the misappropriation of assets and the potential misstatement of the financial statements.

Cause: There are not consistent procedures being followed to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Recommendation: We recommend that the key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated including alternative procedures in place to follow in the case of the absence of a key employee.

Management's Response: The City intends to evaluate the key cash functions and update procedures to encourage proper segregation of duties.

Finding 2024-007—Budget Monitoring

Criteria: A formal policy should be established and followed regarding the budget process and budget monitoring.

Condition and Context: The City does not routinely monitor the budget throughout the year or have policies in place establishing procedures to perform budget amendments and transfers.

Effect or Potential Effect: The absence of budget monitoring policies and procedures can result in overspending when there are budget shortfalls. Additionally, budget amendments and transfers can be utilized to aid in the potential of budget shortfalls to ensure the budget is appropriate given current City spending.

Cause: There are currently no procedures in place to ensure that the City budget levels are appropriate given current needs of the City.

Recommendation: We recommend that the City formalize its policy to ensure budget monitoring is being performed continuously throughout the fiscal year. Additionally, budget amendments and transfers should be reviewed and approved on a more frequent basis to ensure that transfers are appropriate and no budget issues arise.

Management's Response: The City plans to formalize a policy regarding budget monitoring to include items as described above.