

**AUDITED
BASIC FINANCIAL STATEMENTS**

CITY OF BATAVIA, NEW YORK

MARCH 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Batavia, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Batavia, New York (the City), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of March 31, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Freed Maxick CPAs, P.C.

Batavia, New York

August 26, 2021

Management's Discussion and Analysis

City of Batavia, New York

Fiscal Year ended March 31, 2021

This section of City of Batavia, New York's (the City) annual financial report presents its discussion and analysis of the City's financial performance during the fiscal year ended March 31, 2021. Please read it in conjunction with the City's financial statements, which immediately follow this section. **ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE INDICATED.**

Financial Highlights

In the fiscal year ending March 31, 2021, the City continued to maintain a healthy and stable financial position. The City continues to maintain a positive unassigned fund balance. Despite challenges such as a slow property tax base growth and state mandates (i.e. the property tax cap), the City continues to diligently commit one-time surplus funds to fund balance reserves for future capital investments.

While reviewing the attached financial statements, it is important to understand the achievements over the past year that have helped the City improve its financial stability. These points include:

- Continued strength of assigned and unassigned fund balances in the general fund and strong cash balances in water and sewer funds.
- Healthy operations in general, water and sewer funds.
- The commitment of surplus to reserve funds for one-time equipment purchases and infrastructure and facility improvements.
- The continued implementation of fiscal policies such as a Fund Balance Policy, Investment Policy, revised Purchasing Manual and monthly financial monitoring.

In the current year, there was an excess of revenues over expenditures of \$3,430,475 prior to transfers to the City's self-funded insurance and other funds at March 31, 2021. After net transfers fo/from other funds, there was a positive net change in fund balance.

These efforts along with continued expense monitoring and revenue improvements have assisted in maintaining long term fiscal solvency, while building fund balance and investing in capital equipment, city facilities, and infrastructure.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

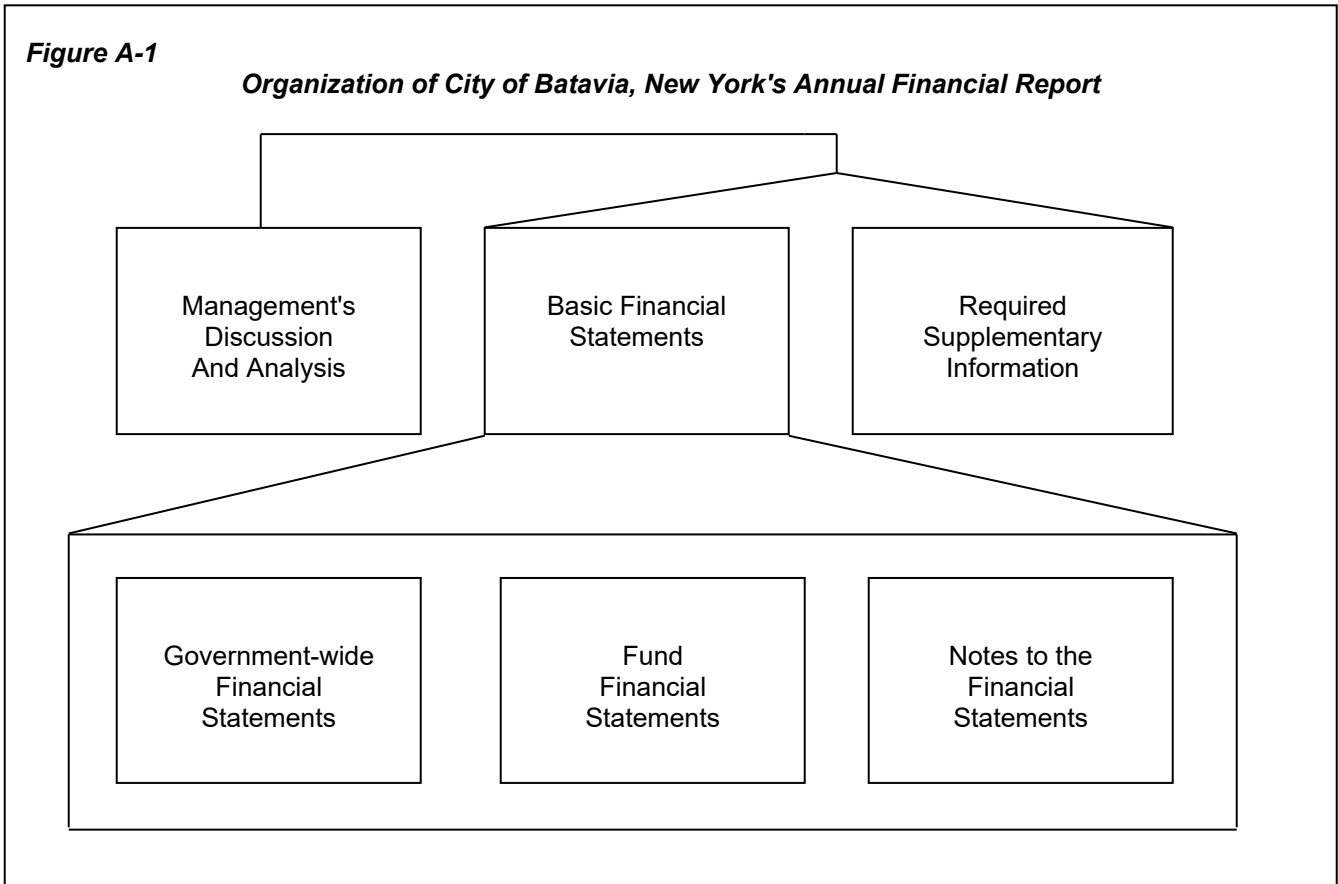


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
		Fund Financial Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire government (except Fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as public safety and transportation	The activities of the City in which the City charges for services
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term
Type of inflow/out-flow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or financial position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the City's overall health, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

In the Statement of Net Position and the Statement of Activities, the City's activities are separated as follows:

Governmental activities - Most of the City's basic services are reported in this category, including the general government, police, fire, public safety, health, transportation, economic assistance, culture and recreation, home and community services, and refuse and recycling. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported in this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City has three kinds of funds:

- **Governmental Funds:** Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided with the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary Funds:** These funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Batavia has two enterprise funds. The City's enterprise funds are the Water and Sewer Funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.
- **Fiduciary Funds:** The City is the trustee, or fiduciary, for assets that belong to others, such as deposits. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

In recent years the City has focused its efforts on proactive financial management and strategic planning emphasizing the City's financial health, with specific measurable results reviewed every month by City Council. Through these efforts and multi-year financial planning, the City has committed to and prepared for long-term financial stability and investments.

As a whole, the City remains in a good position to continue to operate and provide services to residents. During the 20/21 fiscal year the City met the daunting challenging of COVID-19 and continued to provide emergency services for the citizens of Batavia. Each department dealt with mid-year budget constraints and revenue losses. Overall, as evidenced by the financial statements, the City did a good job proactively responding and managing through the COVID-19 pandemic.

What follows is an overview and analysis of the financial statements presented in later sections of this report. This is intended to provide stakeholders with the background information necessary to make informed decisions about the City's financial status.

Statement of Net Position (Page 21) provides a global look at City finances. Net position deducts City liabilities and deferred inflows from its total assets and deferred outflows. The net position of the City's governmental activities decreased \$1.7 million primarily due to and the net increase in the City's pension liability and related deferred inflows and outflows; however, this is not unusual and is a direct result of the actuarial valuation of the State's pension system. This valuation is significantly impacted by the financial market at the time of the valuation (March 31, 2020). Based on information released for March 31, 2021 the valuation shows a significant decrease in this net liability as of March 31, 2021. The measurement date of the actuarial valuation of the State's pension system was March 31, 2020 and was significantly impacted by the state of the financial market at that time. The actuarial valuation of the pension system as of March 31, 2021. The City's business-type activities showed an overall increase in net position due to net income from operations.

On a global scale, the City's general governmental operations accounts are performing well, with revenues stabilized and controlled expenses. This trend must continue in order for the City to not only maintain strong unrestricted fund balances, but also for the City to grow critical equipment, capital, and revenue stabilization reserves. These reserves will reduce reliance on debt for future investments in facilities and equipment and will help the City avoid large tax increases.

Staff will continue to focus on conservative and practical revenue forecasting and cost management efforts to maintain fiscal health.

Condensed Statement of Net Position
(in thousands of dollars)

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Current and other assets	\$ 13,322	\$ 13,709	\$ (387)	\$ 21,054	\$ 20,391	\$ 663
Capital assets, net	25,346	25,371	(25)	27,024	27,315	(291)
Total assets	<u>38,668</u>	<u>39,080</u>	<u>(412)</u>	<u>48,078</u>	<u>47,706</u>	<u>372</u>
Deferred outflows of resources	<u>8,954</u>	<u>3,858</u>	<u>5,096</u>	<u>1,066</u>	<u>410</u>	<u>656</u>
Long-term liabilities	3,095	14,799	(11,704)	718	5,528	(4,810)
Other liabilities	<u>22,464</u>	<u>3,578</u>	<u>18,886</u>	<u>8,508</u>	<u>3,279</u>	<u>5,229</u>
Total liabilities	<u>25,559</u>	<u>18,377</u>	<u>7,182</u>	<u>9,226</u>	<u>8,807</u>	<u>419</u>
Deferred inflow of resources	<u>999</u>	<u>1,766</u>	<u>(767)</u>	<u>147</u>	<u>192</u>	<u>(45)</u>
Net investment in capital assets	22,564	22,398	166	20,635	21,137	(502)
Restricted	5,344	6,486	(1,142)	7,809	6,955	854
Unrestricted (deficit)	<u>(6,844)</u>	<u>(6,089)</u>	<u>(755)</u>	<u>11,328</u>	<u>11,025</u>	<u>303</u>
Total net position	<u>\$ 21,064</u>	<u>\$ 22,795</u>	<u>\$ (1,731)</u>	<u>\$ 39,772</u>	<u>\$ 39,117</u>	<u>\$ 655</u>

Changes in Net Position from Operating Results
(in thousands of dollars)

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Program Revenues:						
Charges for services	\$ 431	\$ 500	\$ (69)	\$ 6,354	\$ 6,067	\$ 287
Operating grants and contributions	410	482	(72)	2,269	2,787	(518)
Capital grants and contributions	143	995	(852)	-	-	-
General Revenues:						
Property taxes, special assessments and property tax items	5,994	5,520	474	-	-	-
Non-property taxes	7,035	7,327	(292)	-	-	-
Interest earnings	100	158	(58)	60	176	(116)
State and federal sources	2,370	132	2,238	-	-	-
Miscellaneous	596	3,318	(2,722)	-	-	-
Total revenues	<u>17,079</u>	<u>18,432</u>	<u>(1,353)</u>	<u>8,683</u>	<u>9,030</u>	<u>(347)</u>
Program Expenses:						
General government	2,776	2,750	26	-	-	-
Police	4,998	5,354	(356)	-	-	-
Fire	4,812	5,242	(430)	-	-	-
Public safety	1,985	953	1,032	-	-	-
Health	27	25	2	-	-	-
Transportation	3,309	3,440	(131)	-	-	-
Economic assistance	276	252	24	-	-	-
Culture and recreation	204	1,123	(919)	-	-	-
Home and community service	378	383	(5)	7,898	7,533	365
Refuse and recycling	89	85	4	-	-	-
Interest on debt	87	100	(13)	-	-	-
Total expenses	<u>18,941</u>	<u>19,707</u>	<u>(766)</u>	<u>7,898</u>	<u>7,533</u>	<u>365</u>
Excess of revenues over expenses	(1,862)	(1,275)	(587)	785	1,497	(712)
Transfers	131	717	(586)	(131)	(717)	586
Change in net position	(1,731)	(558)	(1,173)	654	780	(126)
Net position-beginning	<u>22,795</u>	<u>23,271</u>	<u>(476)</u>	<u>39,117</u>	<u>38,337</u>	<u>780</u>
Net position-ending	<u>\$ 21,064</u>	<u>\$ 22,713</u>	<u>\$ (1,649)</u>	<u>\$ 39,771</u>	<u>\$ 39,117</u>	<u>\$ 654</u>

Financial Analysis of the City's Funds

The fiscal year ending March 31, 2021 concluded with an unassigned fund balance of \$2,527,617 after restrictions and assignments for encumbrance, reserves and other fund balance commitments.

- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Page 26) show revenue sources and revenue stream performance. It also includes expenditures by function and fund balance. For general government operations revenues increased \$284,039 over prior year. Increases in real property tax and tax items occurred; however, they were offset by a reduction in sales tax and other revenue sources such as Departmental Income.
- Overall expenditures went down \$1,139,601. Due to the COVID-19 pandemic, all departments across the City saw decreased expenditures through reduction in purchasing and hiring freezes. Also on Page 26 is the Special Revenue Fund, Self Insurance. This fund includes the City's Health Insurance Fund and Workers' Compensation Fund. Those funds saw less revenue due to a reduction in stop loss payments and a significant increase in expenses due to several high-value claims against the Health Insurance Fund. The City will continue to monitor these two funds carefully in the coming years.
- In fiscal year 19/20, City Council updated the fund balance policy with a goal of ensuring the City keeps unassigned fund balance at 15% to 25% of expenses. On March 31, 2021, the City had a general fund unassigned fund balance of \$2,527,617, or 15% of fiscal year 21/22 budgeted expenses.
- The Water and Sewer funds, Enterprise Funds, generate revenue through charges for service. In the current year, the Sewer Fund increased revenue while the Water Fund saw a decrease because the prior year a CDBG grant was received for a Water Fund Project. Both the Sewer and Water Fund remain in a very healthy position.

In summary, the financial statements point to a healthy condition of the City's finances and unrestricted fund balance. Many agencies, including bond rating groups and the New York State Comptroller, utilize unrestricted fund balances as an indicator of fiscal health.

General Fund

As of March 31, 2021, assets in the general fund increased \$818,965. Please note cash and cash equivalents are not reflected in the statements as they were invested in C.D.'s and reflected as such at March 31, 2021.

For the year ended March 31, 2021, revenues for the General Fund increased compared to last year by \$284,039. The increase in revenue can be attributed to an increase in property tax and tax item revenue. In fiscal year 20/21, the City exceeded the 2% tax cap and raised taxes by 7% due to state aid, Video Terminal Lottery (VLT), aid being threatened in the Governor's budget. The tax rate increased from \$8.93 to \$9.59 per assessed \$1,000. Other revenues remained relatively stable after NYS released all funding to municipalities that was held back during the year. Sales tax and other taxes were down \$292,832 (4%) due to sales tax being lower as a result of the pandemic. Departmental income was down \$154,584, also as a result of the pandemic.

It's important to note, for the reader, that the 2021 financial statements AIM aid revenue was moved to a State Source revenue from a Miscellaneous Local Source revenue.

Total expenditures were \$1,139,601 less in fiscal year 20/21 than in the prior year. Significant reductions in spending on services and equipment, as well as keeping open positions frozen during the year helped to keep spending down. The City proactively implemented a modified spending plan early into the COVID-19 pandemic, and it resulted in expenses that remained in line with revenues.

Self Insurance Fund

This year's Self Insurance Fund balance increased \$54,948 compared to fiscal year 19/20. The City created a health insurance fund in the fiscal year ending March 31, 2020 to account for all health care costs. All transfers from general, water and sewer are income to that fund and all health claims are expensed out of that fund. For financial presentation purposes, the health insurance fund and the workers comp fund are combined into one fund titled the Self Insurance Fund.

Capital Projects

The Mall Roof Phase I construction project was complete in fiscal year 20/21. This \$785,545 project was completed using facility reserve funds and in 2022 the City will complete Phase II finishing the entire roof of the structure. In fiscal year 22/23 the City will utilize a \$1 million Downtown Revitalization Initiative (DRI) grant to continue to enhance the City Centre with the reconstruction of the entryway's, flooring improvements, and paint to interior walls. The City also purchased a new vacuum jetter in fiscal year 20/21 financed by \$378,897 of general obligation bonds .

The City completed the construction of the Franklin Street Sanitary Sewer Project for \$366,849 in fiscal year 20/21. In addition, the City utilized Consolidated Highway Improvement program (CHIPs) funding of \$172,617 to complete Roosevelt Ave. and North Spruce St., as well as reserves for sidewalk improvements.

The City invested in new vehicles this year including a one-ton dump truck for the sewer department. City buildings saw an investment in technology with the completion of the dark fiber connection project that linked all City facilities to high-speed internet and replaced antiquated radio technology. The Enterprise Resource Planning (ERP) software and IT Capital Projects continued through fiscal year 20/21. The City's financial management software and payroll went live in fiscal year 20/21, as well as the replacement of multiple old servers, and new desktops with upgrades to Windows 10. The ERP software implementation is anticipated to last through fiscal year 23/24 with all components being implemented.

Water Fund

The Water Fund, including depreciation, had a current year increase in net position of \$113,255 and continues to remain in a healthy net position. The water agreements with the County of Genesee continue to allow for investment in the City's water plant and we enjoy a collaborative relationship with the County.

Sewer Fund

The Sewer Fund, including depreciation, experienced a decrease in net position of \$199,347 because of an increase in liabilities related to a net increase in net pension liability, deferred outflows and deferred inflows.

**Revenues, Expenditures/Expenses and Changes in Fund
Balance/Net Assets - Governmental and Business-Type Activities Major Funds
(in thousands of dollars)**

	Year Ended March 31, 2021		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Assets</u>
General Fund	\$ 17,239	\$ 17,096	\$ 8,037
Self Insurance	3,918	3,863	1,090
Sewer Fund	3,265	3,465	27,042
Water Fund	5,200	5,087	11,818
	Year Ended March 31, 2020		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Restated Fund Balance/ Net Assets</u>
General Fund	\$ 16,747	\$ 17,529	\$ 7,894
Capital Projects Funds	1,617	1,522	153
Self Insurance	3,942	4,258	1,035
Sewer Fund	3,190	3,331	27,242
Water Fund	5,628	4,840	11,705

Revenues and Expenditures/Expenses include other financing sources or uses.

General Fund Budgetary Highlights

Amendments to the budget occur throughout the year for a variety of reasons. Possible factors include encumbrances from the prior year, grants or other forms of financial aid received during the year, appropriations of fund balances needed to offset unanticipated and unavoidable expenditures, and transfers of appropriations among object classes within department budgets to address particular requirements not anticipated in the original budget. The City Council approves and authorizes the annual budget at the level of object class totals within each department. The City Manager has the authority to transfer appropriations among line items within a department. All transfers between departments and funds must be approved by City Council. The encumbrances on prior year purchase orders are added to the budget as part of the annual financial closing process. All other budget amendments must be authorized by formal resolution of the City Council.

As previously mentioned, the City continues to take a conservative approach when preparing the budget. Revenues the City does not receive on a consistent basis are not included in future budgets. The City continues to make funding reserves a priority. These moves enable the City to maintain a healthy position. The City remains cognizant that certain reoccurring revenues, including state aid, are vulnerable.

The City's prudent revenue budgeting and expense monitoring has resulted in General Fund surpluses needed to eliminate prior fund balance deficits, grow reserve balances and maintain the unassigned fund balance. The City uses one-time revenues/surpluses to offset capital project expenses, build fund balance and reserves, purchase equipment and improve infrastructure. The City remains cautiously optimistic as major revenue sources such as sales tax and State aid remain somewhat stable, however the recovery of the economy from the COVID-19 Pandemic is a large factor that will affect the City's revenue sources. Expenses such as retirement contributions and healthcare rates have been volatile, and will continue to be unpredictable until the full effects of COVID-19 are finished. In fiscal year 20/21 the City is in a good position to increase the percentage of unassigned fund balance, via the Fund Balance Policy, to 15% of current year General Fund expenses and assign \$711,00 in fund balance for future expenses outlined in the City's approved Capital Plan.

Capital Asset and Debt Administration

Capital Assets

For the year ended March 31, 2021 the City will assign \$711,000 in fund balance to capital reserves while still maintaining a 15% of unassigned fund balance. Reserve accounts that will be funded include the health care reserve, police equipment reserve, DPW reserve, facilities reserve, compensated absence reserve, and the parking lot reserve. Other reserve accounts will be funded in the fiscal year 22/23 budget planning and in line with the City's Capital Improvement Plans and level debt practices.

	Capital Assets Net of Depreciation			
	(in thousands of dollars)			
	<u>Governmental Activities</u>		<u>Business -Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,135	\$ 1,135	\$ 42	\$ 42
Construction work in progress	4,464	4,850	397	2,462
Buildings	5,500	5,760	11,371	11,676
Machinery & equipment	3,200	3,347	1,133	835
Infrastructure	11,047	10,279	14,081	12,300
Total	<u>\$ 25,346</u>	<u>\$ 25,371</u>	<u>\$ 27,024</u>	<u>\$ 27,315</u>

Long-Term Obligations

The City received a bond rating of “A2” from Moody’s Investors Service in May 2010. At that time Moody’s recalibrated the scale for municipalities to bring their ratings in line with and more comparable to private organizations. Previously the City’s bond rating was “Baa2”. In June 2011, Moody’s affirmed the City’s “A2” bond rating and assigned the City a “positive outlook”. Moody’s assignment of the positive outlook acknowledged a modest financial position by specifically identifying City management’s ability to restore financial health, establish a Retirement, Health Insurance and Employee Benefits Reserves and negotiated manageable settlements with three of its unions, which included wage freezes and healthcare concessions. In July 2012 Moody’s Investors Service upgraded the City’s bond rating from “A2” to “A1”, and has maintained that bond rating. The upgrade reflected the City’s improved financial position marked by five consecutive years of operating surpluses as well as the City’s practice of conservative budgeting of both revenues and expenditures. The rating also factors in the City’s moderately sized tax base, below average wealth levels and average direct debt level.

More detailed information on the City’s capital assets and long-term obligations activity is provided in the Notes to the Financial Statements under 3.C and 3.I, respectively.

Outstanding Long-Term Obligations <i>(in thousands of dollars)</i>				
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
General obligation debt backed by the City	\$ 2,653	\$ 2,658	\$ 6,392	\$ 4,493
Installment purchase debt	136	245	27	55
Due to other governments - Landfill	246	257	-	-
Compensated absences	1,948	2,013	282	266
Total OPEB liability	7,036	6,238	390	311
Net pension liability	10,445	3,388	1,417	403
Total	<u>\$ 22,464</u>	<u>\$ 14,799</u>	<u>\$ 8,508</u>	<u>\$ 5,528</u>

Factors Bearing on the City's Future

Following is a description of both short and long-term factors the City will be forced to deal with in the future:

- **General Fund Revenue** – An increase in revenues in the General Fund was realized in fiscal year 20/21 related to a property tax increase, however the General Fund Revenue growth has historically been relatively flat or with minor increases. The General Fund generally shows little to no growth year over year and the City faces a higher risk of deferring capital expenditures, cutting services and increasing taxes. A potential buffer against a return to low revenue growth is the City's efforts to broaden its property tax and sales tax base with major Downtown Revitalization (DRI) initiatives, local business expansion, and residential housing revitalization.
- **Sales Tax & Water Agreements** – In 2020 the City and County entered into a 40-year sales tax revenue sharing agreement. The agreement formalized the percentage share of County sales tax to be distributed to the City at 16%, and not less than 14% based on a growth formula contained in the agreement. While the sales tax formula allows for the City to benefit from 16% of total collected sales tax from the County the growth is restricted/capped to only 2% growth of the previous year. Once the City, however reaches 14% share of the total County sales tax the capped limit will be removed and the City can grow in sales tax distribution with the County. In conjunction with the 40 year sales tax agreement the City to entered into a 40-year water services and facilities agreement with County. The sales tax agreement was passed by the State legislature and signed into law by the Governor.
- **Property Tax Cap** – The City continues to be proactive in our response to various NYS budget changes and cuts that affect the City. It is important that the City anticipate these well in advance and remain flexible in our ability to respond during the budget process. However, the adoption of the property tax cap has significantly hampered the City's ability to levy the necessary funds to support services. In addition, the tax cap is not a tax cap of 2%, it is rather a cap of 2% or inflation, whichever is lowest. The City continues to support changes to state legislation that changes or abolishes the tax cap to increase our ability to pay for government services that residents desire.
- **Reserve funding** – Funding reserves now for future equipment, infrastructure and facility improvements has been and will continue to be critical in avoiding larger tax burdens in future years. In the fiscal year ending March 31, 2021, the City utilized just over \$1 million of reserve funding to purchase needed equipment and offset liabilities as they came due. Planning for these improvements/liabilities is a major priority in the City's plan. Updating capital improvement plans and designated revenue streams to fund these plans are essential to maintaining a safe financial position for the City.
- **Facility Reserve** – The City has developed 5-year capital plans for Dwyer Stadium and Falletti Ice Arena. The City's Strategic Plan has also outlined a key objective for developing a capital facilities improvement plan for each City facility. A capital plan for the Bureau of Maintenance, Fire Station, and City Centre (mall) roof has been completed and has identified approximately \$1,900,000 of needed improvements, with the mall roof repairs wrapping up this year. In preparation of needed upcoming facility improvements, additional reserve funding will provide the City with greater financial capacity to handle future improvements for each facility. Continuing to build this reserve will also allow the City to avoid additional debt service or the temptation to procrastinate or put off needed investments.
- **Police Station** – The City is preparing to issue a general obligation bond to move towards construction of a new police station to be located on the City Center campus. The current Police Department and Headquarters, constructed in 1855 as a private residence and is out of date and inefficiently suited for a modern-day Police Department to properly serve the community. The current facility does not adhere to the American Disabilities Act and requires significant capital costs for ongoing infrastructure maintenance and upkeep. A new Police Department and Headquarters on the Alva/Bank Street parking lot would be a capital investment of approximately \$10.8 million. The new Police Department and Headquarters would be financed by the City of Batavia through a 30-year public improvement serial bond. The goal is to avoid any increases in city property taxes related to construction of the facility.

- Administrative Reserve – In March 2015 the City Council created the Administrative Service Equipment and Software Reserve to assist with upgrading and meeting the City’s equipment, information technology and records management needs. This includes replacing antiquated computer hardware and software utilized by the City, some more than 30 years old and operating on a DOS platform. The City has conducted a review of hardware and software needs, approved the purchase, installation, and development of substantial upgrade. These include network and desktop hardware, as well as all financial software including tax collection, utility billing, payroll, accounts payable, accounts receivable and general ledger, code enforcement, planning and assessment software. Considering these upgrades are similar to capital purchases, the City is currently using reserve funds will allow these improvements to take place without impacting the City’s operating budget. Due to the cost of this project, hardware and software upgrades is being paid for with a combination of reserve funds and general obligation bonds.
- NYS Retirement Costs – Since fiscal year 09/10, annual fluctuations in actual retirement payments have ranged from single digit decreases to double digit increases. Because the State’s projected retirement contributions in past years have not been consistent with actual retirement payments, it is prudent to assume retirement costs will increase in future years until consistent and reliable retirement payments are restored.
- Healthcare Costs – On average, for the past five years the City’s healthcare costs have increased approximately 8-10% per year. On an annual basis the City analyzes the option of transitioning from a self-insured plan to an experienced-based plan, however the City’s ability to maintain manageable annual increases in healthcare costs while maintaining a healthcare reserve balance makes it financially feasible to remain self-insured at this time.
- Retiree Healthcare Costs – Retiree healthcare will continue to increase in the future. The total postemployment health insurance cost to the City for 36 retirees was \$434,252 for the year ending March 31, 2021 While this is a slight decrease when compared to the prior year, retiree healthcare expenses are a large portion of the General Fund expenses, are unpredictable and can be extremely volatile due to one single illness. The City’s actuarial liability for post-employment benefits, as of March 31, 2021 is \$7,426,633 (per page 48 in the financial statements), all of which is unfunded. Aggressive labor negotiations to reduce future retiree costs will be essential for maintaining a long term decrease of this liability.
- Union Contracts – Three contracts are current, with CSEA expired March 31, 2021. The City’s negotiations will be focused on manageable benefit packages that will not significantly impact future property tax levels. Strong but fair negotiations will take place to ensure that future benefit packages are reasonable for City employees and affordable for City taxpayers.
- Taxable Assessed Value – The City has realized an average growth of 2.0% in its property tax base annually. With the adoption of the property tax cap without relief from State mandated expenses, the City’s ability to levy the necessary funds to support services is significantly hampered. Considering taxable assessed value is the City’s most stable source of revenue, the City needs to continue improving the City’s property tax base, particularly the non-residential tax base. This makes future commercial and industrial redevelopment a major priority for the foreseeable future; specifically, Brownfield Redevelopment, throughout the City’s Central Corridor.

A balanced approach to the City budget needs to include strong initiatives that contain costs, but also a strategic direction that will improve quality of life. Growth in tax base and resident income are the lifeblood to supporting municipal services, as well as improved quality of life for City residents.

Over the past several years the City has experienced decreases in State aid as well as increases in state retirement costs and retiree healthcare costs. In addition, the imposition of the Property Tax Cap further limits the City’s ability to combat increasing State mandated costs as the cap imposes a ceiling on the City’s ability to levy property taxes. The City of Batavia leadership set a goal to achieve \$100 million in public-private investment by 2022, placing emphasis on the central business corridor.

The City's financial improvement over the past several years has been the result of proactive approaches to budgeting and operations for the City. It is critically important that the City continue to plan for the future, most specifically with regards to funding reserves, maintaining and funding capital and equipment replacement plans, and maintaining lower cost, high quality services to residents. In addition, resources need to be focused on encouraging tax base growth through economic development efforts promoting land use redevelopment and job growth within the City.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office, City of Batavia, Batavia, New York.

CITY OF BATAVIA, NEW YORK
STATEMENT OF NET POSITION
MARCH 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 678,448	\$ 9,701,043	\$ 10,379,491
Cash and cash equivalents - restricted	261,236	2,922,441	3,183,677
Certificates of deposit	4,083,169	-	4,083,169
Certificates of deposit - restricted	5,012,602	4,916,520	9,929,122
Property taxes receivable, net	2,130,446	-	2,130,446
Receivables, net	142,783	1,903,865	2,046,648
Loans receivable, net	224,164	-	224,164
Internal balances	(1,047,211)	1,047,211	-
State and federal receivables	141,479	34,110	175,589
Due from other governments	1,694,647	529,099	2,223,746
Capital assets not being depreciated	5,599,045	438,935	6,037,980
Capital assets, net of accumulated depreciation	<u>19,746,834</u>	<u>26,584,653</u>	<u>46,331,487</u>
Total assets	<u>38,667,642</u>	<u>48,077,877</u>	<u>86,745,519</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	7,885,675	1,050,764	8,936,439
Deferred OPEB outflows	<u>1,068,025</u>	<u>15,127</u>	<u>1,083,152</u>
Total deferred outflows of resources	<u>8,953,700</u>	<u>1,065,891</u>	<u>10,019,591</u>
LIABILITIES			
Accounts payable	422,732	649,316	1,072,048
Accrued liabilities	669,036	-	669,036
Accrued interest payable	33,717	68,583	102,300
Due to other governments	478,117	-	478,117
Other liabilities	53,086	-	53,086
Unearned revenues	1,438,567	-	1,438,567
Noncurrent liabilities:			
Due and payable within one year	600,615	524,764	1,125,379
Due and payable after one year	<u>21,863,046</u>	<u>7,983,067</u>	<u>29,846,113</u>
Total liabilities	<u>25,558,916</u>	<u>9,225,730</u>	<u>34,784,646</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	998,856	73,973	1,072,829
Deferred OPEB inflows	<u>-</u>	<u>72,637</u>	<u>72,637</u>
Total deferred inflows of resources	<u>998,856</u>	<u>146,610</u>	<u>1,145,466</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	22,563,763	20,634,521	43,198,284
Restricted for:			
Retirement contribution	334,253	-	334,253
Employee benefit accrued liability	150,651	-	150,651
Insurance	369,002	-	369,002
Capital projects	3,074,114	7,809,291	10,883,405
Self insurance	590,580	-	590,580
Other	309,864	-	309,864
Repairs	36,340	-	36,340
Small cities	67,079	-	67,079
Special grant	411,808	-	411,808
Unrestricted (deficit)	<u>(6,843,884)</u>	<u>11,327,616</u>	<u>4,483,732</u>
Total net position	<u>\$ 21,063,570</u>	<u>\$ 39,771,428</u>	<u>\$ 60,834,998</u>

See notes to basic financial statements.

**CITY OF BATAVIA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021**

	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 2,775,891	\$ 146,587	\$ -	\$ -	(2,629,304)	\$ -	(2,629,304)
Police	4,998,328	62,087	22,631	-	(4,913,610)	-	(4,913,610)
Fire	4,812,490	-	20,877	-	(4,791,613)	-	(4,791,613)
Public safety	1,985,130	147,480	172,616	-	(1,665,034)	-	(1,665,034)
Health	27,269	32,218	-	-	4,949	-	4,949
Transportation	3,308,861	6,190	185,214	104,455	(3,013,002)	-	(3,013,002)
Economic assistance	275,627	-	9,000	-	(266,627)	-	(266,627)
Culture and recreation	204,477	19,905	-	39,023	(145,549)	-	(145,549)
Home and community services	377,627	16,746	-	-	(360,881)	-	(360,881)
Refuse and recycling	88,888	-	-	-	(88,888)	-	(88,888)
Interest on debt	86,970	-	-	-	(86,970)	-	(86,970)
Total governmental activities	<u>18,941,558</u>	<u>431,213</u>	<u>410,338</u>	<u>143,478</u>	<u>(17,956,529)</u>	<u>-</u>	<u>(17,956,529)</u>
Business-type activities:							
Sewer	3,192,152	3,179,242	51,555	-	-	38,645	38,645
Water	4,555,573	2,959,455	2,215,395	-	-	619,277	619,277
City Centre	149,833	215,936	1,762	-	-	67,865	67,865
Total business-type activities	<u>7,897,558</u>	<u>6,354,633</u>	<u>2,268,712</u>	<u>-</u>	<u>-</u>	<u>725,787</u>	<u>725,787</u>

See notes to basic financial statements.

**CITY OF BATAVIA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021 (Continued)**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total governmental and business-type activities	\$ <u>26,839,116</u>	\$ <u>6,785,846</u>	\$ <u>2,679,050</u>	\$ <u>143,478</u>	(17,956,529)	725,787	(17,230,742)
General revenues:							
Real property taxes and tax items					5,994,119	-	5,994,119
Non-property taxes:							
Sales tax distribution					6,644,659	-	6,644,659
Gross utilities					176,478	-	176,478
Franchise fees					212,924	-	212,924
Interest earnings					99,601	60,280	159,881
State aid not restricted for a specific purpose					2,369,560	-	2,369,560
Other miscellaneous revenues					596,350	-	596,350
Transfers:							
Sewer					272,828	(272,828)	-
Water					531,422	(531,422)	-
City Centre					(672,790)	672,790	-
Total general revenues and transfers					<u>16,225,151</u>	<u>(71,180)</u>	<u>16,153,971</u>
Change in net position					(1,731,378)	654,607	(1,076,771)
Net position - beginning					<u>22,794,948</u>	<u>39,116,821</u>	<u>61,911,769</u>
Net position - ending					\$ <u>21,063,570</u>	\$ <u>39,771,428</u>	\$ <u>60,834,998</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2021

	<u>General</u>	<u>Special Revenue Fund Self Insurance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 515,625	\$ 162,823	\$ 678,448
Cash and cash equivalents - restricted	-	-	261,236	261,236
Certificates of deposit	4,083,169	-	-	4,083,169
Certificates of deposit - restricted	4,274,224	738,378	-	5,012,602
Receivables (net of allowance for uncollectible receivables)				
Property taxes receivable	2,130,446	-	-	2,130,446
Accounts receivable	104,997	37,786	-	142,783
Loan receivables	-	-	224,164	224,164
Due from other funds	18,542	256,310	-	274,852
State and federal receivables	21,357	-	120,122	141,479
Due from other governments	1,694,647	-	-	1,694,647
Total assets	<u>\$ 12,327,382</u>	<u>\$ 1,548,099</u>	<u>\$ 768,345</u>	<u>\$ 14,643,826</u>
LIABILITIES				
Accounts payable	\$ 245,170	\$ 53,261	\$ 124,301	\$ 422,732
Accrued liabilities	263,751	405,285	-	669,036
Due to other funds	1,322,063	-	-	1,322,063
Due to other governments	478,117	-	-	478,117
Other liabilities	53,086	-	-	53,086
Unearned revenues	1,438,567	-	-	1,438,567
Total liabilities	<u>3,800,754</u>	<u>458,546</u>	<u>124,301</u>	<u>4,383,601</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	<u>489,465</u>	<u>-</u>	<u>-</u>	<u>489,465</u>
Total deferred inflows of resources	<u>489,465</u>	<u>-</u>	<u>-</u>	<u>489,465</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2021 (Continued)

FUND BALANCES	General	Special Revenue Fund Self Insurance	Nonmajor Governmental Funds	Total Governmental Funds
Restricted	4,274,224	590,580	478,887	5,343,691
Committed	27,792	-	-	27,792
Assigned	1,207,530	498,973	165,157	1,871,660
Unassigned	2,527,617	-	-	2,527,617
Total fund balances	<u>8,037,163</u>	<u>1,089,553</u>	<u>644,044</u>	<u>9,770,760</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,327,382</u>	<u>\$ 1,548,099</u>	<u>\$ 768,345</u>	

Amounts reported for governmental activities in the Statement of Net Position (page 19) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	25,345,879
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable and bond premium	(2,652,503)
Installment purchase debt	(136,126)
Due to other governments	(245,756)
Compensated absences	(1,948,278)
Net pension liabilities	(10,444,794)
Other postemployment benefit liability (OPEB)	(7,036,204)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	489,465
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(33,717)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Deferred postemployment benefits outflows	1,068,025
Deferred pension outflows	7,885,675
Deferred pension inflows	<u>(998,856)</u>
Net position of governmental activities	<u>\$ 21,063,570</u>

See notes to basic financial statements.

**CITY OF BATAVIA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>General</u>	<u>Special Revenue Fund Self Insurance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 5,840,041	\$ -	\$ -	\$ 5,840,041
Real property tax items	261,480	-	-	261,480
Sales and other taxes	7,034,061	-	-	7,034,061
Departmental income	156,125	-	-	156,125
Use of money and property	87,955	7,933	3,713	99,601
Licenses and permits	147,757	-	-	147,757
Fines and forfeitures	52,020	-	-	52,020
Sale of property and compensation for loss	100,030	354,679	-	454,709
Miscellaneous local sources	194,579	6,426	12,564	213,569
State sources	2,765,756	-	83,878	2,849,634
Federal sources	33,525	-	59,600	93,125
Total revenues	<u>16,673,329</u>	<u>369,038</u>	<u>159,755</u>	<u>17,202,122</u>
EXPENDITURES				
Current:				
General government	1,817,652	97,486	-	1,915,138
Police	3,814,281	-	-	3,814,281
Fire	3,672,736	-	-	3,672,736
Public safety	315,836	-	-	315,836
Health	18,648	-	-	18,648
Transportation	1,690,221	-	-	1,690,221
Economic assistance	261,656	-	13,971	275,627
Culture and recreation	724,096	-	-	724,096
Home and community services	248,573	-	15,863	264,436
Refuse and recycling	88,888	-	-	88,888
Employee health benefits	-	3,463,130	-	3,463,130
Capital outlay:				
General government	-	-	303,479	303,479
Transportation	-	-	342,928	342,928
Culture and recreation	-	-	39,023	39,023
Debt service:				
Principal	491,923	-	-	491,923
Interest	98,344	-	-	98,344
Total expenditures	<u>13,242,854</u>	<u>3,560,616</u>	<u>715,264</u>	<u>17,518,734</u>
Excess (deficit) of revenues over expenditures	3,430,475	(3,191,578)	(555,509)	(316,612)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	566,518	3,549,333	210,459	4,326,310
Interfund transfers out	(3,853,332)	(302,807)	(38,711)	(4,194,850)
Serial bond proceeds	-	-	380,600	380,600
Total other financing sources (uses)	<u>(3,286,814)</u>	<u>3,246,526</u>	<u>552,348</u>	<u>512,060</u>
Net change in fund balances	143,661	54,948	(3,161)	195,448
Fund balances - beginning	<u>7,893,502</u>	<u>1,034,605</u>	<u>647,205</u>	<u>9,575,312</u>
Fund balances - ending	<u>\$ 8,037,163</u>	<u>\$ 1,089,553</u>	<u>\$ 644,044</u>	<u>\$ 9,770,760</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

Net change in fund balances - total governmental funds (page 24) \$ 195,448

Amounts reported for governmental activities in the Statement of Activities (page 21) are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,554,617), excluding construction in progress placed in service (\$970,599), exceeded depreciation (\$1,593,317) in the current period. (9,299)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trades) is to decrease net position. (16,000)

Revenues that are not available to pay current obligations are not reported in the fund financial statement, but they are presented as revenues in the Statement of Activities. (107,402)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	\$ 7,877	
Changes in compensated absences	65,120	
Changes in pension liabilities and related deferred outflows and inflows of resources	(62,710)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(1,930,942)</u>	(1,920,655)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of serial bonds	\$ (380,600)	
Principal paid on bonds	383,000	
Premium amortization	3,497	
Principal paid on installment purchase debt	108,923	
Change in due to other governments	<u>11,710</u>	<u>126,530</u>

Change in net position of governmental activities \$ (1,731,378)

CITY OF BATAVIA, NEW YORK
STATEMENT OF NET POSITION – ENTERPRISE FUNDS
MARCH 31, 2021

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise Fund City Centre</u>	<u>Total Enterprise Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,673,663	\$ 2,880,250	\$ 147,130	\$ 9,701,043
Cash and cash equivalents - restricted	1,777,885	1,144,556	-	2,922,441
Certificates of deposit - restricted	2,809,440	2,107,080	-	4,916,520
Receivables	775,498	1,122,303	6,064	1,903,865
Due from other funds	-	1,117,015	1,395	1,118,410
State and federal receivables	-	34,110	-	34,110
Due from other governments	-	529,099	-	529,099
Total current assets	<u>12,036,486</u>	<u>8,934,413</u>	<u>154,589</u>	<u>21,125,488</u>
Noncurrent assets:				
Capital assets not being depreciated	199,778	234,919	4,238	438,935
Capital assets, net of accumulated depreciation	19,040,208	6,778,538	765,907	26,584,653
Total noncurrent assets	<u>19,239,986</u>	<u>7,013,457</u>	<u>770,145</u>	<u>27,023,588</u>
Total assets	<u>31,276,472</u>	<u>15,947,870</u>	<u>924,734</u>	<u>48,149,076</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	431,083	619,681	-	1,050,764
Deferred OPEB outflows	7,299	7,828	-	15,127
Total deferred outflows of resources	<u>438,382</u>	<u>627,509</u>	<u>-</u>	<u>1,065,891</u>
LIABILITIES				
Current liabilities:				
Accounts payable	71,928	570,931	6,457	649,316
Accrued interest payable	39,654	28,929	-	68,583
Due to other funds	30,790	37,041	3,368	71,199
Compensated absences	8,566	19,946	317	28,829
Installment purchase debt	7,973	19,206	-	27,179
Serial bond payables and bond premium	291,887	176,869	-	468,756
Total current liabilities	<u>450,798</u>	<u>852,922</u>	<u>10,142</u>	<u>1,313,862</u>
Noncurrent liabilities:				
Compensated absences	77,080	172,117	3,725	252,922
Total OPEB liability	175,624	214,805	-	390,429
Serial bond payables and bond premium	3,308,251	2,614,551	-	5,922,802
Net pension liability	581,298	835,616	-	1,416,914
Total noncurrent liabilities	<u>4,142,253</u>	<u>3,837,089</u>	<u>3,725</u>	<u>7,983,067</u>
Total liabilities	<u>4,593,051</u>	<u>4,690,011</u>	<u>13,867</u>	<u>9,296,929</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	30,348	43,625	-	73,973
Deferred OPEB inflows	49,162	23,475	-	72,637
Total deferred inflows of resources	<u>79,510</u>	<u>67,100</u>	<u>-</u>	<u>146,610</u>
NET POSITION				
Net investment in capital assets	15,657,927	4,206,449	770,145	20,634,521
Restricted for capital projects	4,561,273	3,248,018	-	7,809,291
Unrestricted	6,823,093	4,363,801	140,722	11,327,616
Total net position	<u>\$ 27,042,293</u>	<u>\$ 11,818,268</u>	<u>\$ 910,867</u>	<u>\$ 39,771,428</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise Fund City Centre</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 3,179,242	\$ 2,959,455	\$ 215,936	\$ 6,354,633
County water agreement charges	-	1,420,069	-	1,420,069
Rental of real property	-	550,000	-	550,000
Other operating revenue	51,555	211,216	1,762	264,533
State sources	-	34,110	-	34,110
Total operating revenues	<u>3,230,797</u>	<u>5,174,850</u>	<u>217,698</u>	<u>8,623,345</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	995,525	1,359,212	80,617	2,435,354
Contractual expense	585,125	2,917,890	49,577	3,552,592
Depreciation	1,523,998	231,995	19,639	1,775,632
Total operating expenses	<u>3,104,648</u>	<u>4,509,097</u>	<u>149,833</u>	<u>7,763,578</u>
Operating income	<u>126,149</u>	<u>665,753</u>	<u>67,865</u>	<u>859,767</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	34,836	25,400	44	60,280
Interest expense	(87,504)	(46,476)	-	(133,980)
Total nonoperating revenues (expenses)	<u>(52,668)</u>	<u>(21,076)</u>	<u>44</u>	<u>(73,700)</u>
Income before operating subsidy to governmental funds	73,481	644,677	67,909	786,067
Transfers in	-	-	705,263	705,263
Transfers out	<u>(272,828)</u>	<u>(531,422)</u>	<u>(32,473)</u>	<u>(836,723)</u>
Change in net position	(199,347)	113,255	740,699	654,607
Net position - beginning	<u>27,241,640</u>	<u>11,705,013</u>	<u>170,168</u>	<u>39,116,821</u>
Net position - ending	<u>\$ 27,042,293</u>	<u>\$ 11,818,268</u>	<u>\$ 910,867</u>	<u>\$ 39,771,428</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise Fund City Centre</u>	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,379,508	\$ 2,953,113	\$ 212,557	\$ 6,545,178
Cash payments for contractual expenses	612,385	(3,986,271)	(271,036)	(3,644,922)
Cash payments to employees for services	(835,721)	(1,114,560)	(77,217)	(2,027,498)
Other operating revenue	51,555	2,181,285	1,762	2,234,602
Net cash provided (used) by operating activities	<u>3,207,727</u>	<u>33,567</u>	<u>(133,934)</u>	<u>3,107,360</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	<u>(272,828)</u>	<u>(531,422)</u>	<u>672,790</u>	<u>(131,460)</u>
Net cash provided (used) by noncapital financing activities	<u>(272,828)</u>	<u>(531,422)</u>	<u>672,790</u>	<u>(131,460)</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(836,945)	(201,515)	(446,038)	(1,484,498)
Principal payments on debt	(254,120)	(494,894)	-	(749,014)
Proceeds from debt issuance	302,400	42,000	-	344,400
Interest paid on debt	<u>(89,529)</u>	<u>(71,191)</u>	<u>-</u>	<u>(160,720)</u>
Net cash used by capital and financing activities	<u>(878,194)</u>	<u>(725,600)</u>	<u>(446,038)</u>	<u>(2,049,832)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on cash and investments	<u>34,836</u>	<u>25,400</u>	<u>44</u>	<u>60,280</u>
Net cash provided by investing activities	<u>34,836</u>	<u>25,400</u>	<u>44</u>	<u>60,280</u>
Net increase (decrease) in cash and cash equivalents	2,091,541	(1,198,055)	92,862	986,348
Cash and cash equivalents - beginning	<u>9,169,447</u>	<u>7,329,941</u>	<u>54,268</u>	<u>16,553,656</u>
Cash and cash equivalents - ending	<u>\$ 11,260,988</u>	<u>\$ 6,131,886</u>	<u>\$ 147,130</u>	<u>\$ 17,540,004</u>
<u>Reconciliation of cash and cash equivalents</u>				
<u>to the Statement of Net Position:</u>				
Cash and cash equivalents	\$ 6,673,663	\$ 2,880,250	\$ 147,130	\$ 9,701,043
Cash and cash equivalents - restricted	1,777,885	1,144,556	-	2,922,441
Certificates of deposit	2,809,440	2,107,080	-	4,916,520
Total cash and cash equivalents	<u>\$ 11,260,988</u>	<u>\$ 6,131,886</u>	<u>\$ 147,130</u>	<u>\$ 17,540,004</u>
<u>Reconciliation of operating income to</u>				
<u>net cash provided by operating activities:</u>				
Operating income	\$ 126,149	\$ 665,753	\$ 67,865	\$ 859,767
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,523,998	231,995	19,639	1,775,632
Pension expense	99,724	138,301	-	238,025
Change in assets and liabilities				
Decrease (increase) in:				
Accounts receivable	200,266	(28,770)	(3,379)	168,117
Due from other funds	1,262,932	(962,776)	-	300,156
State and federal receivables	-	(34,110)	-	(34,110)
Due from other governments	-	22,428	-	22,428
Increase (decrease) in:				
Accounts payable	26,636	6,147	(216,366)	(183,583)
Accrued liabilities	(28,666)	(43,256)	(3,281)	(75,203)
Due to other funds	(63,392)	(68,496)	(1,812)	(133,700)
Compensated absences	(4,906)	17,182	3,400	15,676
Total OPEB liability	64,986	89,169	-	154,155
Net cash provided (used) by operating activities	<u>\$ 3,207,727</u>	<u>\$ 33,567</u>	<u>\$ (133,934)</u>	<u>\$ 3,107,360</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
MARCH 31, 2021

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 26,994
Cash and cash equivalents - restricted	<u>21,818</u>	<u>-</u>
Total assets	<u>\$ 21,818</u>	<u>\$ 26,994</u>
NET POSITION		
Restricted for:		
Trusts	\$ 21,818	\$ -
Forfeitures	<u>-</u>	<u>26,994</u>
Total net position	<u>\$ 21,818</u>	<u>\$ 26,994</u>

See notes to basic financial statements.

**CITY OF BATAVIA, NEW YORK
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
ADDITIONS		
Interest	\$ 49	\$ 150
Forfeiture of bankruptcy proceeds	<u>-</u>	<u>15,129</u>
Total additions	<u>49</u>	<u>15,279</u>
DEDUCTIONS		
Disbursements to individuals, organizations or other governments	<u>-</u>	<u>16,384</u>
Change in net position	49	(1,105)
Net position - beginning, as restated (Note 5)	<u>21,769</u>	<u>28,099</u>
Net position - ending	<u>\$ 21,818</u>	<u>\$ 26,994</u>

See notes to basic financial statements.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The City reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefines and establishes the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing Council, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

According to GASB Statement No. 14, as amended by GASB Statement No. 61, a related organization of a primary government is defined as one in which the government appoints a voting majority of the board, but is not financially accountable for the organization. The City Manager appoints a voting majority of the Batavia Housing Authority's board; however, no financial burden or benefit relationship exists between the City and the Authority. The Authority maintains and runs a senior citizens' housing unit within the City.

The accompanying basic financial statements include only the operations of the City, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the City.

B. BASIS OF PRESENTATION

1. 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. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants while the capital grants column reflects capital-specific grants. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the recipients of goods or services offered by the City, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the City's major governmental fund types:

General Fund – The General Fund is the general operating fund of the City. The fund is used to account for all financial resources except for those required to be accounted for in a separate fund.

Self-Insurance Fund – This fund is used to account for the City's workers' compensation insurance and health insurance activity.

The City reports the following nonmajor funds consolidated into the nonmajor governmental funds column:

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Enterprise Funds.

Special Revenue Funds:

These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action.

Special Grant Fund – This fund is used to account for community development block grants and other federal and state grants not required to be accounted for in other funds.

Mall Maintenance Fund – This fund is used to account for the activities associated with the Genesee Country Mall.

Small Cities Fund – This fund is used to account for the activity of the City's New York Small Cities Block Grant and U.S. Department of Housing and Urban Development programs.

Enterprise Funds:

These funds are used to account for ongoing operations or activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The City applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

Sewer and Water Funds – These funds are used to account for operations that provide water and sewer services and are financed primarily by user charges.

City Centre Fund – This fund is used to account for the operations and maintenance of the City Centre.

Other Fund Types:

Fiduciary Funds are used to account for certain trust funds and other custodial funds. Custodial Funds report fiduciary activities not held in trust. These activities are not included in the government-wide financial statements because their resources do not belong to the City and are not available for use.

Private-Purpose Trust Fund – This fund is used to account for contributions made by individuals, for the purpose of providing from the income of such contributions, funds to be utilized for fire protection and indigent citizens of the City.

Custodial Fund – This fund is used to account for activity related to bankruptcy proceedings being collected by the City.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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 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.

C. 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 and fiduciary fund 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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund 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 sixty 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, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The enterprise, custodial and private purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Certificates of deposit have an original maturity of greater than three months or less from the date of acquisition. Additional investments that exceed three months are separated in the financial statements and are further disclosed in Note 3.A.

2. RESTRICTED CASH AND CASH EQUIVALENTS

Certain assets are classified on the balance sheet as restricted because their use is limited. Debt proceeds remaining after a project has been completed can only be used to pay down the related debt, and therefore are restricted in use. The proceeds of bond or bond anticipation note (BAN) sales can only be used for the stated purpose of the borrowing and are restricted specifically for that purpose. Amounts to support fund balance restrictions are also reported as restricted.

3. RECEIVABLES

Receivables are carried at their net realizable value. Receivables are written-off as uncollectible after the likelihood of payment is considered remote by management. The allowance for uncollectible receivables has been established by management, using past history of uncollectible receivables. As of March 31, 2021, the provision for uncollectible receivables amounted to \$30,006 and \$8,892 in the Community Development and Small Cities Grant Funds, respectively.

4. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.”

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided in Note 3.K.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. 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.

Interest incurred during the construction phase of capital assets of enterprise funds are included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. In the prior year tax-exempt bond anticipation notes (BANS) were issued to finance specific improvements related to water activity. This activity included projects such as water line reconstruction and replacement, reconstruction and repairing. There was also a BAN issued for a software system upgrade which is being partially capitalized by the water and sewer funds. Accordingly, the interest capitalized for the year ended March 31, 2021 for water and sewer activities amounted to \$37,885 and \$3,401, respectively.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Infrastructure	\$ 200,000	straight-line	25-50 years
Buildings	50,000	straight-line	25-50 years
Improvements	50,000	straight-line	10-50 years
Furniture and equipment	5,000	straight-line	3-20 years
Vehicles	20,000	straight-line	3-5 years

6. UNEARNED REVENUES

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. This occurs when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to resources, the liability for unearned revenues is removed and revenues are recognized.

7. INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for *deferred outflows of resources*. 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. The City has two items that qualify for reporting in this category. They are related to pensions and other postemployment benefits (OPEB) reported in the government-wide Statement of Net Position. The deferred amounts related to pensions and OPEB relate to differences between the actual investment earnings, changes in assumptions and other pension and OPEB related charges.

In addition to liabilities, the Statement of Net Position include a separate section for *deferred inflows of resources*. Deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. In the government-wide financial statements the City reports deferred amounts related to pension and OPEB. In the Balance Sheet – Governmental Funds, the City reports unavailable revenue related to property taxes.

9. NET POSITION FLOW ASSUMPTION

Sometimes the City will fund outlays for a particular purpose from both restricted (i.e., 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 enterprise 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.

10. FUND BALANCE FLOW ASSUMPTION

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 funds 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 that the City Council will assess the current financial condition of the City and then determine the order of application of expenditures to which fund balance classifications will be charged.

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

The City has adopted a formal fund balance policy in which it shall strive to attain and maintain an adequate fund balance in its general fund to provide flexibility and to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures), to ensure stable tax rates, to provide for one-time opportunities and to retain favorable credit ratings. The City will endeavor to maintain unassigned fund balances in its general fund of fifteen to twenty-five percent of regular general fund operating expenditures. This amount provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule, and to respond to contingent liabilities.

If the unassigned fund balance falls below the fifteen percent minimum fund balance percentage, the City's Audit Advisory Committee will evaluate current fund balance classifications in order to recommend the final distribution of fund balance in any fiscal year in consideration of estimated liabilities of the City and sound financial planning.

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 City Council has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

E. REVENUES AND EXPENDITURES/EXPENSES

1. 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.

2. PROPERTY TAXES

Real property taxes are levied upon budget adoption and become an enforceable lien on April 1st. Taxes are payable in two installments on May 1st and August 1st. The City assumes enforcement responsibility for all property taxes levied by Genesee County on properties within the City. The City also enforces real property taxes of the Batavia City School District (District), which are unpaid at January 1st. The City pays the County the entire levy in two installments and the District the full amount of the property taxes collected on their behalf on a monthly basis. Any amounts which have been collected as of March 31st but have not yet been remitted to the District are included in the account "Due to other governments".

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of the fiscal year-end. The City is permitted by the New York State Constitution to levy taxes up to 2% of the most recent five-year average full valuation of taxable real property. Principal and interest on long-term debt related to Water and Sewer debt (if application filed with Office of State Comptroller) and budgetary appropriations for capital outlay are excludable. In the 2020-21 year, the five-year average full valuation was \$577,578,527 allowing for a maximum tax limit of \$11,551,571 (includes allowance exclusions). The City tax levy was \$5,779,334 for the year ended March 31, 2021.

3. COMPENSATED ABSENCES

The City's labor agreements and City Council rules and regulations provide for sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually.

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in compensated absences at year-end. The compensated absences liability is calculated based on the contractually negotiated rates in effect at year-end.

Compensated absences for governmental fund type employees are reported as a fund liability and as an expenditure in the government-wide financial statements. A portion of the compensated absences liability recognized is attributed to the value of sick leave converted to pay the employees' share of postemployment health insurance premiums. The compensated absences liability for the Governmental and Enterprise funds at the year-end totaled \$1,948,278 and \$281,751, respectively. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments are not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

4. ENTERPRISE FUNDS – OPERATING AND NONOPERATING REVENUES AND EXPENSES

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and sewer fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the City Centre Fund are maintenance fees being charged to the City Centre tenants. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

G. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the City have been updated below to reflect the impact of this Statement.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the City, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending March 31, 2023.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending March 31, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending March 31, 2023.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending March 31, 2023.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending March 31, 2023.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending March 31, 2024.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending March 31, 2024.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending March 31, 2023.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than January 15th, the Budget Officer/City Manager submits a tentative budget to the City Council for the fiscal year commencing the following April 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Fiduciary Funds.
- After public hearings are conducted to obtain taxpayer comments, no later than March 20th, the City Council adopts the budget.
- All modifications of the budget must be approved by the City Council, however, the Budget Officer/City Manager is authorized to transfer certain budgeted amounts within departments.
- Budgets are prepared for Enterprise Funds to establish the estimated contributions required from other funds and to control expenditures.
- During the fiscal year, the City Council can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for departmental budgetary control. All budget amendments require City Council approval.

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located or authorized to do business in New York State. The City Manager is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts and obligations issued by other than New York State which are entities rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The City's aggregate bank balances were fully collateralized at March 31, 2021.

The City reports amounts to support restricted fund balance and unspent proceeds of debt as restricted cash and cash equivalents and restricted certificates of deposit. At March 31, 2021, the City reported \$5,273,838 and \$7,838,961 as cash and cash equivalents restricted in the governmental activities and business-type activities, respectively, as well as \$21,818 in the Private Purpose Trust Fund restricted for fire protection and assistance to indigent citizens.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Investment and Deposit Policy

The City follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City Manager.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The City's investment policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the City including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The City's third party custodial financial institution provided the following securities as collateral which are in accordance with the City's investment policy and third party custodial agreement:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

B. RECEIVABLES

Significant revenues accrued by the City at March 31, 2021, include the following:

<u>General Fund:</u>	
Franchise fees	\$ 47,563
Miscellaneous	57,434
Total accounts receivables	\$ <u>104,997</u>
State and federal receivables - miscellaneous	\$ <u>21,357</u>
<u>Self Insurance Fund:</u>	
Stop loss insurance	27,760
Miscellaneous	10,026
Total accounts receivables	\$ <u>37,786</u>

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

<u>Water Fund:</u>	
Water rents receivable	\$ 1,122,253
Miscellaneous	50
Total accounts receivables	<u>\$ 1,122,303</u>
<u>Sewer Fund:</u>	
Water rents receivable	\$ 775,498
Total accounts receivables	<u>\$ 775,498</u>

Due from other governments represents amounts due primarily from Genesee County, and other governmental entities. Amounts accrued at March 31, 2021, consist of:

<u>General Fund:</u>	
NYS sales tax	\$ 1,687,703
Fines and forfeitures	6,944
Total due from other governments	<u>\$ 1,694,647</u>
<u>Water Fund:</u>	
City/County water agreement	<u>\$ 529,099</u>

C. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021, was as follows:

	<u>Balance 04/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 03/31/21</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,134,588	\$ -	\$ -	\$ 1,134,588
Construction work in progress	<u>4,850,368</u>	<u>584,688</u>	<u>970,599</u>	<u>4,464,457</u>
Total capital assets not being depreciated	<u>5,984,956</u>	<u>584,688</u>	<u>970,599</u>	<u>5,599,045</u>
Capital assets being depreciated:				
Buildings and building improvements	10,325,980	-	-	10,325,980
Machinery, equipment & vehicles	7,231,290	262,945	160,000	7,334,235
Infrastructure	<u>16,570,289</u>	<u>1,706,984</u>	<u>-</u>	<u>18,277,273</u>
Total capital assets, being depreciated	<u>34,127,559</u>	<u>1,969,929</u>	<u>160,000</u>	<u>35,937,488</u>
Less accumulated depreciation:				
Buildings and building improvements	4,565,507	260,529	-	4,826,036
Machinery, equipment & vehicles	3,884,543	393,407	144,000	4,133,950
Infrastructure	<u>6,291,287</u>	<u>939,381</u>	<u>-</u>	<u>7,230,668</u>
Total accumulated depreciation	<u>14,741,337</u>	<u>1,593,317</u>	<u>144,000</u>	<u>16,190,654</u>
Total capital assets being depreciated, net	<u>19,386,222</u>	<u>376,612</u>	<u>16,000</u>	<u>19,746,834</u>
Governmental activities capital assets, net	<u>\$ 25,371,178</u>	<u>\$ 961,300</u>	<u>\$ 986,599</u>	<u>\$ 25,345,879</u>

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

General government	\$ 192,254
Public Safety	204,576
Transportation	1,080,371
Culture and recreation	109,696
Home and community service	6,420
Total depreciation expense - governmental activities	<u>\$ 1,593,317</u>

	<u>Balance 04/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 03/31/21</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 41,500	\$ -	\$ -	\$ 41,500
Construction work in progress	<u>2,462,171</u>	<u>1,053,303</u>	<u>3,118,039</u>	<u>397,435</u>
Total capital assets not being depreciated	<u>2,503,671</u>	<u>1,053,303</u>	<u>3,118,039</u>	<u>438,935</u>
Capital assets being depreciated:				
Buildings and building improvements	42,113,437	785,546	-	42,898,983
Machinery, equipment & vehicles	2,068,500	431,198	22,017	2,477,681
Infrastructure	<u>20,910,797</u>	<u>2,332,490</u>	<u>-</u>	<u>23,243,287</u>
Total capital assets, being depreciated	<u>65,092,734</u>	<u>3,549,234</u>	<u>22,017</u>	<u>68,619,951</u>
Less accumulated depreciation:				
Buildings and building improvements	30,437,910	1,089,950	-	31,527,860
Machinery, equipment & vehicles	1,233,431	133,757	22,017	1,345,171
Infrastructure	<u>8,610,342</u>	<u>551,925</u>	<u>-</u>	<u>9,162,267</u>
Total accumulated depreciation	<u>40,281,683</u>	<u>1,775,632</u>	<u>22,017</u>	<u>42,035,298</u>
Total capital assets being depreciated, net	<u>24,811,051</u>	<u>1,773,602</u>	<u>-</u>	<u>26,584,653</u>
Business-type capital assets, net	<u>\$ 27,314,722</u>	<u>\$ 2,826,905</u>	<u>\$ 3,118,039</u>	<u>\$ 27,023,588</u>

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

Home and community services	<u>\$ 1,775,632</u>
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D. PENSION PLAN

New York State and Local Retirement System

Plan Description

The City participates in the New York State and Local Employees' Retirement System (ERS) and the Local Police and Fire Retirement System (PFRS), which are collectively referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's 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.

Funding Policy

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2020, the City reported the following liability for its proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

	<u>ERS</u>	<u>PFRS</u>
Measurement date	03/31/2020	03/31/2020
Net pension liability	\$ 3,633,114	\$ 8,228,594
City's portion of the Plan's total net pension liability	0.0137199 %	0.1539512 %
Change in proportion since the prior measurement date	(0.0004940)	(0.0120368)
Pension expense at March 31, 2021	\$ 1,165,581	\$ 2,710,315

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

At March 31, 2021, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 213,823	\$ 547,938	\$ -	\$ 137,828
Change of assumptions	73,154	703,346	63,167	-
Net difference between projected and actual earnings on pension plan investments	1,862,511	3,705,595	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	2,476	121,017	126,509	745,325
City's contributions subsequent to the measurement date	542,302	1,164,277	-	-
Total	\$ 2,694,266	\$ 6,242,173	\$ 189,676	\$ 883,153

The City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
<u>Year ended March 31:</u>		
2022	\$ 292,729	\$ 831,554
2023	488,240	988,427
2024	649,117	1,291,762
2025	532,202	1,088,467
2026	-	(5,467)
Thereafter	-	-

Actuarial Assumptions

The total pension liability as of the March 31, 2020, was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	ERS	PFRS
Inflation	2.5 %	2.5 %
Salary increases	4.2	5.0
Investment rate of return (net of investment expense, including inflation)	6.8	6.8
Cost of living adjustments	1.3	1.3

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The long-term expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020, for both ERS and PFRS are summarized below:

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.0 %	4.1 %
International equity	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic funds/portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	0.0
Inflation-indexed bonds	4.0	0.5
Total	<u>100.0 %</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 determined. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables present the City’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
<u>ERS</u>			
City's proportionate share of the net pension liability	\$ 6,667,790	\$ 3,633,114	\$ 838,165
<u>PFRS</u>			
City's proportionate share of the net pension liability	\$ 14,712,894	\$ 8,228,594	\$ 2,421,757

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	(Dollars in Thousands)		
	ERS	PFRS	Total
Employers' total pension liability	\$ 194,596,261	\$ 35,309,017	\$ 229,905,278
Plan net position	168,115,682	29,964,080	198,079,762
Employers' net pension liability	<u>\$ 26,480,579</u>	<u>\$ 5,344,937</u>	<u>\$ 31,825,516</u>
Ratio of plan net position to the employers' total pension liability	86.4%	84.9%	86.2%

E. OTHER POSTEMPLOYMENT BENEFIT LIABILITY (OPEB)

City of Batavia Retiree Medical Plan (the Plan)

Plan Description

The City of Batavia (the City), administers the Plan as a single-employer defined benefit OPEB plan. The Plan provides for continuation of health insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The City provides postemployment health insurance to its retirees in accordance with provisions of the employment contracts negotiated between the City and the Batavia Firefighters Association, I.A.F.F Local 896, the Civil Service Employees Association, CSEA Local 819, the American Federation of State, City and Municipal Employees, AFSCME Local 3632 and the Batavia Police Benevolent Association. Substantially all employees in these bargaining units may become eligible for these benefits if they meet the retirement eligibility requirements under their contracts while working for the City.

Funding Policy

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

At March 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	35
Inactive employees entitled to but not receiving benefit payments	9
Active employees	<u>72</u>
Total	<u><u>116</u></u>

The City's total OPEB liability of \$7,426,633 was measured as of March 31, 2021 and was determined by an actuarial valuation as of March 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 %
Rate of compensation increase	3.00 %
Discount rate	2.27 %
Initial healthcare cost trend rate	4.50-7.00 %
Ultimate healthcare cost trend rate	3.78 %

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of the measurement date.

The mortality assumption was revised to the sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and health retirees, and then adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a generational basis.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The Plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at April 1, 2020	\$ 6,547,595
Changes for the year:	
Service cost	125,548
Interest	172,022
Changes of benefit terms	443,102
Differences between expected and actual experience	320,953
Changes in assumptions or other inputs	495,770
Benefit payments	<u>(678,357)</u>
Net changes	<u>879,038</u>
Balance at March 31, 2021	<u>\$ 7,426,633</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.48 percent on April 1, 2020, to 2.27 percent on March 31, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) or 1 percentage point higher (3.27%) than the current discount rate.

	<u>1% Decrease (1.27%)</u>	<u>Discount Rate (2.27%)</u>	<u>1% Increase (3.27%)</u>
Total OPEB liability	\$ <u>7,829,014</u>	\$ <u>7,426,633</u>	\$ <u>7,040,228</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.78%) or 1 percentage point higher (4.78%), using the post-65 medical trend rates, than the current healthcare cost trend rate:

	<u>1% Decrease (3.50% decreasing to 2.78%)</u>	<u>Healthcare Cost Trend Rates (4.50% decreasing to 3.78%)</u>	<u>1% Increase (5.50% decreasing to 4.78%)</u>
Total OPEB liability	\$ <u>6,940,085</u>	\$ <u>7,426,633</u>	\$ <u>7,970,632</u>

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2021, the City recognized OPEB expense of \$184,720. At March 31, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ <u>1,083,152</u>	<u>72,637</u>

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

Year ended March 31:

2022	\$ (154,550)
2023	(154,550)
2024	(154,550)
2025	(154,550)
2026	(154,550)
Thereafter	(237,765)

F. COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The City considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of March 31, 2021, there were no individual significant encumbrances. The City recorded encumbrances of \$182,695 in the General Fund.

Construction Commitments

The City has ongoing construction capital projects related to various infrastructure throughout the City. For the fiscal year ended March 31, 2021, the City had the following construction commitments outstanding:

<u>Vendor</u>	<u>Project</u>	<u>Remaining Balance</u>
GHD	Bur.of Maint. Facility Improvement Plan	\$ 15,249
GHD	Fire Facility Improvement Plan	12,476
Architecture Resources	Jackson Square Improvement (DRI)	148,840
TY- Lin	Richmond Avenue Rehabilitation (TIP)	171,600
TY- Lin	Harvester Avenue Rehabilitation	158,400
GHD	WWTP Air Header	69,700
	Total	<u>\$ 576,265</u>

City Water Agreement

During the year ended March 31, 2019, the City entered into an amended and restated agreement with the County, ending December 31, 2059, whereby the City is continuing to assume responsibility for the production, treatment, operation, maintenance and/or supply of municipal water, as well as operating and maintaining the facilities. Under the terms of the agreement, the County has agreed to lease the City's water supply and treatment facilities for a term not to exceed 10 years, ending December 31, 2029. The agreement also calls for the transfer of title to, access to, and/or rights to the City for certain machinery and equipment used in connection with the water supply and treatment facility.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

In exchange, the City has agreed to purchase water from the County on a wholesale basis. The City rate for city water customers in effect for the fiscal year ended March 31, 2021 was \$5.49 per 1,000 gallons. The rate was increased to \$5.68 per 1,000 gallons effective for water usage subsequent to March 31, 2021.

G. RISK MANAGEMENT

RISK FINANCING AND RELATED INSURANCE

Health Insurance Plan

The City independently self-insures costs related to an employee health insurance plan (the Plan). The Plan's objectives are to formulate, develop, and administer a health insurance program to obtain lower costs for coverage, and to develop a comprehensive loss control program. The Plan uses reinsurance agreements to reduce exposure to large losses on insured events. Reinsurance permits recovery of a portion of the losses from the reinsurer, although it does not discharge the liability of the Plan as a direct insurer of the risks reinsured.

Third party insurance is maintained by the City with a stop loss for the health insurance Plan in the amount of \$150,000 per event for the Plan's fiscal year.

Since actual claim costs depend on complex factors, the process of computing claim liabilities does not necessarily result in an exact amount. Such liabilities are based on the ultimate cost of claims (including future claim adjustment expenses) that have been incurred but not charged or credited to expense in the periods in which they are made. As of March 31, 2021, the City recorded a liability in the amount of \$152,435 within the self-insurance fund for incurred but not reported insured events.

Workers' Compensation Plan

The City is independently self-insured for costs related to an employee workers' compensation plan (the Plan). The self-insured Plan's objectives are to formulate, develop, and administer a workers' compensation program to obtain lower costs for coverage, and to develop a comprehensive loss control program.

Third party insurance is maintained by the City with a stop loss for the workers' compensation plan in the amount of \$500,000 per event for the plan's fiscal year.

Since actual claim costs depend on complex factors, the process of computing claim liabilities does not necessarily result in an exact amount. Such liabilities are based on the ultimate cost of claims (including future claim adjustment expenses) that have been incurred but not charged or credited to expense in the periods in which they are made. As of March 31, 2021, the City has recorded a liability for future costs associated with open claims of \$252,850. The City has not consulted an actuary and has not estimated a liability for incurred but not reported claim liabilities. Claim activity consists of open claims being revalued and payment on claims.

Changes in the reported health insurance and workers' compensation liabilities since March 31, 2019, resulted from the following:

	Health Insurance	Workers' Compensation	Total
Estimated claims March 31, 2019	\$ 122,611	\$ 60,158	\$ 182,769
Claims incurred 2019-2020	3,391,291	599,595	3,990,886
Payments 2019-2020	(3,391,662)	(419,936)	(3,811,598)
Estimated claims March 31, 2020	\$ 122,240	\$ 239,817	\$ 362,057
Claims incurred 2020-2021	2,289,474	432,969	2,722,443
Payments 2020-2021	(2,259,279)	(419,936)	(2,679,215)
Estimated claims March 31, 2021	\$ <u>152,435</u>	\$ <u>252,850</u>	\$ <u>405,285</u>

H. SHORT-TERM DEBT

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes (BAN). The amounts issued for governmental activities are accounted for in the Capital Projects Fund.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The schedule below details the changes in short-term capital borrowings during the year ended March 31, 2021:

	Original Issue Date	Interest rate	Balance 04/01/20	Issued	Redemptions	Balance 3/31/2021
Governmental Activities						
Software system	2019	1.99%	\$ 375,000	\$ -	\$ 375,000	\$ -
Total governmental activities bond anticipation notes			\$ 375,000	\$ -	\$ 375,000	\$ -

	Original Issue Date	Interest rate	Balance 04/01/20	Issued	Redemptions	Balance 3/31/2021
Business-Type Activities						
<u>Sewer</u>						
Software system	2019	1.99%	\$ 187,500	\$ -	\$ 187,500	\$ -
<u>Water</u>						
Union St Water Project	2019	1.99%	1,014,000	-	1,014,000	-
South Main St. & Brooklyn Ave Water Project	2019	1.99%	887,000	-	887,000	-
Software System	2019	1.99%	187,500	-	187,500	-
Total water bond anticipation notes			2,088,500	-	2,088,500	-
Total business-type activities bond anticipation notes			\$ 2,276,000	\$ -	\$ 2,276,000	\$ -

I. 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 appropriations and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include serial bonds, installment purchase debt, premium obligation on bond, compensated absences, due to other governments, other postemployment benefits, and aggregate net pension liability.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at March 31, 2021, are as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 03/31/2021</u>
Governmental Activities					
<u>General Obligation Bonds</u>					
City Centre - Refunding	2014	2,856,000	2.0-3.750%	2033	\$ 2,080,000
CAT Loader Acquisition	2018	195,500	1.10-4.15%	2025	150,000
ERP - Software Project	2020	305,000	2.04%	2024	305,000
VAC Truck	2020	75,600	2.04%	2031	75,600
Total governmental activities serial bonds					\$ <u>2,610,600</u>
Business-Type Activities					
<u>Sewer Obligation Bonds</u>					
City Centre - Refunding	2014	357,000	2.0-3.750%	2033	260,000
Various Projects	2017	3,439,600	2.5-3.000%	2037	2,880,000
ERP - Software Project	2020	1,500	2.04%	2024	152,500
VAC Truck	2020	302,400	2.04%	2031	302,400
Total sewer fund serial bonds					\$ <u>3,594,900</u>
<u>Water Obligation Bonds</u>					
City Centre - Refunding	2014	357,000	2.0-3.750%	2033	260,000
Various Projects	2017	4,376,000	2.5-3.000%	2037	815,000
ERP - Software Project	2020	152,500	2.04%	2024	152,500
VAC Truck	2020	42,000	2.04%	2031	42,000
South Main Street Water	2020	546,006	2.04%	2041	546,006
Union Street Water	2020	970,676	2.04%	2041	970,676
Total water fund serial bonds					\$ <u>2,786,182</u>
Total business-type activities serial bonds					\$ <u>6,381,082</u>

Legal Debt Margin

The City is subject to a debt limit that is 7.0 percent of the five-year average of the full valuation of taxable real property. At March 31, 2021, that amount was \$40,430,497. As of March 31, 2021, the total outstanding debt applicable to the limit was \$6,368,805, which is 15.75% of the total debt limit.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended March 31, 2021, are as follows:

	<u>Balance</u> <u>04/01/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>03/31/2021</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds Payable:					
General obligation bonds	\$ 2,613,000	\$ 380,600	\$ 383,000	\$ 2,610,600	\$ 273,800
Plus unamortized premium	45,400	-	3,497	41,903	3,497
Other liabilities:					
Due to other governments - Landfill	257,466	-	11,710	245,756	20,480
Installment purchase debt	245,049	-	108,923	136,126	108,810
Compensated absences	2,013,398	1,061,026	1,126,146	1,948,278	194,828
Total OPEB liability	6,236,732	1,448,968	649,496	7,036,204	-
Net pension liability*	<u>3,387,983</u>	<u>7,056,811</u>	<u>-</u>	<u>10,444,794</u>	<u>-</u>
Total governmental activities	<u>\$ 14,799,028</u>	<u>\$ 9,947,405</u>	<u>\$ 2,282,772</u>	<u>\$ 22,463,661</u>	<u>\$ 601,415</u>
Business-Type Activities					
Bonds Payable:					
General obligation bonds	\$ 4,482,000	\$ 2,166,082	\$ 267,000	\$ 6,381,082	\$ 467,882
Plus unamortized premium	11,350	-	874	10,476	874
Other liabilities:					
Installment purchase debt	54,875	-	27,696	27,179	27,179
Compensated absences	266,075	115,976	100,300	281,751	28,829
Total OPEB liability	310,863	191,778	112,212	390,429	-
Net pension liability*	<u>402,840</u>	<u>1,014,074</u>	<u>-</u>	<u>1,416,914</u>	<u>-</u>
Total business-type activities	<u>\$ 5,528,003</u>	<u>\$ 3,487,910</u>	<u>\$ 508,082</u>	<u>\$ 8,507,831</u>	<u>\$ 524,764</u>

* Additions/reductions to net pension liability are presented net.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

As of March 31, 2021, there were no authorized but unissued bonds:

Governmental Activities

Year ending March 31,	Bonds			Installment Purchase Debt	
	Principal	Interest	Premium	Principal	Interest
2022	\$ 273,800	\$ 80,230	\$ 3,497	\$ 108,810	\$ 2,582
2023	283,700	74,382	3,497	27,316	471
2024	286,200	67,371	3,497	-	-
2025	185,200	60,890	3,497	-	-
2026	185,200	55,163	3,497	-	-
2027-2031	892,500	191,378	17,483	-	-
2032-2036	504,000	38,549	6,935	-	-
Total	<u>\$ 2,610,600</u>	<u>\$ 567,963</u>	<u>\$ 41,903</u>	<u>\$ 136,126</u>	<u>\$ 3,053</u>

Year ending March 31,	Total Governmental Activities	
	Principal	Interest
2022	\$ 382,610	\$ 82,812
2023	311,016	74,853
2024	286,200	67,371
2025	185,200	60,890
2026	185,200	55,163
2027-2031	892,500	191,378
2032-2036	504,000	38,549
Total	<u>\$ 2,746,726</u>	<u>\$ 571,016</u>

Business-Type Activities

Year ending March 31,	Bonds			Installment Purchase Debt	
	Principal	Interest	Premium	Principal	Interest
2022	\$ 467,882	\$ 152,258	\$ 874	\$ 27,179	\$ 503
2023	486,300	144,397	874	-	-
2024	493,800	133,703	874	-	-
2025	389,800	123,791	874	-	-
2026	404,800	114,695	874	-	-
2027-2031	2,142,500	419,778	4,371	-	-
2032-2036	1,376,000	153,099	1,735	-	-
2037-2041	620,000	31,050	-	-	-
Total	<u>\$ 6,381,082</u>	<u>\$ 1,272,771</u>	<u>\$ 10,476</u>	<u>\$ 27,179</u>	<u>\$ 503</u>

Year ending March 31,	Total Business-Type Activities	
	Principal	Interest
2021	\$ 495,061	\$ 152,761
2022	486,300	144,397
2023	493,800	133,703
2024	389,800	123,791
2025	404,800	114,695
2026-2030	2,142,500	419,778
2031-2035	1,376,000	153,099
2036-2038	620,000	31,050
Total	<u>\$ 6,408,261</u>	<u>\$ 1,273,274</u>

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Compensated Absences

As explained in Note 1, the City records the value of governmental and enterprise type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the City to liquidate compensated absences are typically from the funds in which the individuals are employed. These operating funds include General, Sewer, Water, and City Centre funds. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. While the payments of compensated absences are dependent upon many factors, the City has estimated that \$194,828 and \$28,829 for the governmental activities and business-type activities will be due within one year, respectively.

Total OPEB Liability

As explained in Note 3.E., the City records the value of other postemployment benefits. Payments by the City to liquidate other postemployment benefits are typically from the funds in which the individuals are employed. These operating funds include General, Sewer and Water Funds.

Net Pension Liability

The City reported a liability of \$10,444,794 and \$1,416,914 for the governmental activities and business-type activities, respectively, for the year ended March 31, 2021, for its proportionate share of the net pension liability for the Police and Fire Retirement System and the Employee Retirement System. Refer to Note 3.D. for additional information related to the City's net pension liability. Payments by the City for retirement contributions are typically from funds in which the individuals are employed. These operating funds include General, Sewer and Water Funds.

J. NET POSITION AND FUND BALANCE

Net Position

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 consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction or improvements of those assets. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

	Governmental Activities	Business-type Activities
Capital assets, net of accumulated depreciation	\$ 25,345,879	\$ 27,023,588
Bonds payable used for capital assets	(2,610,600)	(6,381,082)
Unamortized debt premium	(41,903)	(10,476)
Installment purchase debt	(136,126)	(27,179)
Unspent debt proceeds	6,513	29,670
Net investment in capital assets	<u>\$ 22,563,763</u>	<u>\$ 20,634,521</u>

Restricted net position – This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Restricted net position is consistent with restricted fund balance amounts at March 31, 2021.

Unrestricted net position – This category represents net position of the City not restricted for any project or other purpose.

Fund Balance

In the fund financial statements there are five classifications of fund balance:

Restricted – represents amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or listed only with the consent of the resource providers.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

- *Restricted for retirement contribution* – represents funds set aside for any upcoming retirement contributions required of the City.
- *Restricted for employee benefit accrued liability* – represents funds set aside for compensated absences of City employees.
- *Restricted for insurance* – represents funds set aside for medical and liability claims.
- *Restricted for capital projects* – represents funds to be used for construction, reconstruction and/or acquisition of capital improvements and equipment.
- *Restricted for other purposes* – represents funds required to be used for the following purposes:

Business Improvement District	\$	259,098
Police		5,159
Drug asset forfeiture		348
State external EMS program		3,828
Non-State EMS program		19,531
Farrell park		1,523
Public broadcasting		11,189
Centennial celebration		9,188
Total restricted for other purposes	\$	<u>309,864</u>

- *Restricted for repairs* – represents funds set aside to be used for repairs of Dwyer Stadium.
- *Restricted for Special Grant and Small Cities Funds* – represents funds that had restrictions externally imposed by the funding agency that provided funding for the loan programs administered by the City.
- *Restricted for workers' compensation* – represents funds set aside for workers' compensation of City employees.

Committed – represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.

Assigned – represents amounts that are intended to be used by the City for specified purposes but do not meet the criteria to be classified as restricted or committed.

- *Assigned to subsequent years' expenditure* – represents available fund balance being appropriated to meet expenditure requirements in the 2022 fiscal year.
- *Assigned for encumbrances* – represents amounts related to unperformed contracts for goods and services.
- *Assigned to specific use* – represents fund balance within the General Fund and special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. As of March 31, 2021, the City had no nonspendable fund balances.

Unassigned – represents the residual amount for the General Fund that is not contained in other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within other governmental fund types is reported as unassigned.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Detail of Fund Balances

As of March 31, 2021, fund balances were classified as follows:

	<u>General</u>	<u>Special Revenue Fund Self Insurance</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Restricted:</u>				
Retirement contribution	\$ 334,253	\$ -	\$ -	\$ 334,253
Employee benefit accrued liability	150,651	-	-	150,651
Insurance	369,002	-	-	369,002
Capital projects	3,074,114	-	-	3,074,114
Other	309,864	-	-	309,864
Repairs	36,340	-	-	36,340
Small cities	-	-	67,079	67,079
Special grant	-	-	411,808	411,808
Workers' compensation	-	580,424	-	580,424
Health insurance	-	10,156	-	10,156
<u>Committed:</u>				
Master plan	8,700	-	-	8,700
K-9	4,092	-	-	4,092
Habitat architect plans	15,000	-	-	15,000
<u>Assigned:</u>				
Subsequent years' expenditures	269,221	-	-	269,221
<u>Encumbrances:</u>				
General government	85,703	-	-	85,703
Public safety	96,992	-	-	96,992
Police equipment	50,000	-	-	50,000
DPW equipment	100,000	-	-	100,000
Facilities	136,000	-	-	136,000
Parking lots	100,000	-	-	100,000
Compensated absences	75,000	-	-	75,000
Health care claims	250,000	-	-	250,000
Workers' compensation claims	-	50,000	-	50,000
Subdivision contractor	39,689	-	-	39,689
Parks	1,399	-	-	1,399
Memorial Bricks	3,526	-	-	3,526
Workers' compensation	-	485,110	-	485,110
Health insurance	-	13,863	-	13,863
Mall maintenance	-	-	-	-
Capital projects	-	-	165,157	165,157
<u>Unassigned:</u>				
General fund	2,527,617	-	-	2,527,617
Total	<u>\$ 8,037,163</u>	<u>\$ 1,139,553</u>	<u>\$ 644,044</u>	<u>\$ 9,820,760</u>

**CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

K. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of March 31, 2021, is as follows:

Due from /to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 7,722
General	Water	10,015
General	City center	805
Water	General	1,117,015
City center	Water	1,395
Self insurance	General	205,048
Self insurance	Water	25,631
Self insurance	Sewer	23,068
Self insurance	City center	2,563
	Total	<u>\$ 1,393,262</u>

The outstanding balances between funds result primarily from the transfer into the Self Insurance Fund due to budget overages (expenditures exceeded budget). In addition, outstanding balances are the result of payroll transactions and to cover checks.

L. INTERFUND TRANSFERS

The composition of interfund transfers as of March 31, 2021, is as follows:

Interfund transfers:

<u>Transfer out:</u>	<u>Transfer in:</u>				
	<u>General</u>	<u>Capital</u>	<u>Self Insurance</u>	<u>City Centre</u>	<u>Total</u>
General	\$ -	\$ 140,459	\$ 3,007,610	\$ 705,263	\$ 3,853,332
Water	225,000	35,000	271,422	-	531,422
Sewer	-	35,000	237,828	-	272,828
City Centre	-	-	32,473	-	32,473
Self insurance	302,807	-	-	-	302,807
Capital	38,711	-	-	-	38,711
Total	<u>\$ 566,518</u>	<u>\$ 210,459</u>	<u>\$ 3,549,333</u>	<u>\$ 705,263</u>	<u>\$ 5,031,573</u>

During the year, transfers were made per the adopted budget for various purposes. In addition, transfers were made related to the current capital projects, and the allocation of those projects to the applicable funds. Additionally, transfer was made to cover expenses in the Self Insurance Fund.

M. JOINT VENTURES

The City participates in various joint ventures with other local municipalities for the purpose of providing intermunicipal services. These activities are excluded from the financial statements of all participating municipalities.

N. CONTINGENCIES

Assessments – The City is a defendant in various litigations under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the City vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

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 any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation – 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.

Other – On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The City's management has assessed these events and the impact of these restrictions and closures related to the City's operations. As of the date of these financial statements and as these events continue to unfold, management believes there will be an impact related to sales and mortgage tax that the City will receive in 2022. Management believes that these tax revenues will be lower in 2022 than monies collected in previous years due to a decrease in local spending. The 2022 adopted budget has been adapted to account for this change, and the City has implemented an approach including a combination of a significant equipment expenditure decreases, in addition to an increase in fund balance allocation for a portion of the major funds, to account for a potential loss of revenue in 2022.

O. LANDFILL CLOSURE COSTS

The City has been identified by the United States Environmental Protection Agency (EPA) as a responsible party which can be held liable for a portion of the long-term maintenance and operation of a landfill site in the Town of Batavia.

The cost for the long-term maintenance and operation of the landfill has been estimated to be approximately \$327,674. All parties designated as potentially responsible parties by the EPA participated in a Pilot Allocation Program. As a result of the Pilot Allocation Program, 75% of the long-term operation and maintenance costs have been allocated to the City, or \$245,746. As of March 31, 2021, a liability has been recorded in the Governmental Activities funds for future maintenance and operation costs.

NOTE 4 – TAX ABATEMENTS

The Genesee County Industrial Economic Development Agency d/b/a Genesee County Economic Development Center (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has seventeen real property tax abatement agreements with various businesses in the City under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended March 31, 2021, the City's total tax revenues were reduced by \$72,046.

Copies of the agreements may be obtained from the City Hall, One Batavia City Centre, Batavia, NY 14020.

CITY OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – SUBSEQUENT EVENTS

On July 22, 2021 the City received the first installment of funding awarded through the American Rescue Plan (ARP) in the amount of \$734,384. In addition, The City was awarded a Northern Regional Border Commission grant for \$410,000 in connection with a water line project on Bank Street to support future develop and the police station.

Management has evaluated subsequent events through August 26, 2021 which is the date the financial statements are available for issuance, and has determined, with the exception of the events noted in the above paragraph, there are no subsequent events that require disclosure under generally accepted accounting principles other than the authorization of debt issuance referred to above.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BATAVIA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
EMPLOYEES' AND POLICE AND FIRE RETIREMENT SYSTEMS
LAST SEVEN FISCAL YEARS***

	Year Ended March 31,						
	2015	2016	2017	2018	2019	2020	2021
<u>Employees' Retirement System (ERS)</u>							
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
City's proportion of the net pension liability	0.0147147%	0.0147147%	0.0159768%	0.0147624%	0.0148749%	0.0142139%	0.0137199%
City's proportionate share of the net pension liability	\$ <u>664,938</u>	\$ <u>497,099</u>	\$ <u>2,564,323</u>	\$ <u>1,387,104</u>	\$ <u>480,079</u>	\$ <u>1,007,099</u>	\$ <u>3,633,114</u>
City's covered payroll	\$ 3,302,510	\$ 3,622,026	\$ 3,511,306	\$ 3,586,226	\$ 3,617,540	\$ 3,658,182	\$ 3,820,038
City's proportionate share of the net pension liability as a percentage of its covered payroll	20.1%	13.7%	73.0%	38.7%	13.3%	27.5%	95.1%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.9%	90.7%	94.7%	98.2%	96.3%	86.4%
<u>Police and Fire Retirement System (PFRS)</u>							
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
City's proportion of the net pension liability	0.1488400%	0.1488400%	0.1513918%	0.1433166%	0.1529920%	0.1659880%	0.1539512%
City's proportionate share of the net pension liability	\$ <u>619,635</u>	\$ <u>409,696</u>	\$ <u>4,482,389</u>	\$ <u>2,970,454</u>	\$ <u>1,546,377</u>	\$ <u>2,783,724</u>	\$ <u>8,228,594</u>
City's covered payroll	\$ 4,612,109	\$ 4,182,948	\$ 4,432,386	\$ 4,722,442	\$ 5,009,124	\$ 5,038,218	\$ 5,223,214
City's proportionate share of the net pension liability as a percentage of its covered payroll	13.4%	9.8%	101.1%	62.9%	30.9%	55.3%	157.5%
Plan fiduciary net position as a percentage of the total pension liability	100.7%	111.5%	90.2%	93.5%	96.9%	95.1%	84.9%

*Pension Schedules in the Required Supplemental Information are intended to show information for ten years, additional years' information will be displayed as it becomes available.

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

**CITY OF BATAVIA, NEW YORK
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS –
EMPLOYEES' AND POLICE AND FIRE RETIREMENT SYSTEMS
LAST TEN FISCAL YEARS**

	Year Ended March 31,										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Employees' Retirement System (ERS)</u>											
Contractually required contribution	\$ 362,460	\$ 469,774	\$ 606,689	\$ 692,924	\$ 649,211	\$ 612,804	\$ 520,421	\$ 745,907	\$ 522,141	\$ 521,125	\$ 542,302
Contributions in relation to the contractually required contribution	\$ 362,460	\$ 469,774	\$ 606,689	\$ 692,924	\$ 649,211	\$ 612,804	\$ 520,421	\$ 745,907	\$ 522,141	\$ 521,125	\$ 542,302
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 3,567,469	\$ 3,371,941	\$ 3,495,890	\$ 3,302,510	\$ 3,622,026	\$ 3,511,306	\$ 3,586,226	\$ 3,617,540	\$ 3,658,182	\$ 3,820,038	\$ 3,573,861
Contributions as a percentage of covered payroll	10.2%	13.9%	17.4%	21.0%	17.9%	17.5%	14.5%	20.6%	14.3%	13.6%	15.2%
<u>Police and Fire Retirement System (PFRS)</u>											
Contractually required contribution	\$ 900,035	\$ 740,124	\$ 1,156,334	\$ 677,447	\$ 1,213,742	\$ 877,335	\$ 1,023,988	\$ 1,532,230	\$ 1,091,470	\$ 1,094,552	\$ 1,164,277
Contributions in relation to the contractually required contribution	\$ 900,035	\$ 740,124	\$ 1,156,334	\$ 677,447	\$ 1,213,742	\$ 877,335	\$ 1,023,988	\$ 1,532,230	\$ 1,091,470	\$ 1,094,552	\$ 1,164,277
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 4,536,284	\$ 4,804,995	\$ 4,517,179	\$ 4,612,109	\$ 4,182,948	\$ 4,432,386	\$ 4,722,442	\$ 5,009,124	\$ 5,038,218	\$ 5,223,214	\$ 5,054,368
Contributions as a percentage of covered payroll	19.8%	15.4%	25.6%	14.7%	29.0%	19.8%	21.7%	30.6%	21.7%	21.0%	23.0%

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

**CITY OF BATAVIA, NEW YORK
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS***

	Year Ended March 31,		
	2019	2020	2021
<u>Total OPEB Liability</u>			
Service cost	\$ 123,841	\$ 133,160	\$ 125,548
Interest	231,012	214,961	172,022
Changes of benefit terms	-	-	443,102
Differences between expected and actual experience	-	-	320,953
Changes of assumptions or other inputs	64,470	336,194	495,770
Benefit payments	<u>(507,022)</u>	<u>(577,911)</u>	<u>(678,357)</u>
Net change in total OPEB liability	(87,699)	106,404	879,038
Total OPEB liability - beginning	<u>6,528,890</u>	<u>6,441,191</u>	<u>6,547,595</u>
Total OPEB liability - ending	<u>\$ 6,441,191</u>	<u>\$ 6,547,595</u>	<u>\$ 7,426,633</u>
Covered-employee payroll	\$ 5,877,545	\$ 5,520,786	5,455,672
Total OPEB liability as a percentage of covered-employee payroll	109.6%	118.6%	136.1%

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**CITY OF BATAVIA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
REVENUES				
Real property taxes	\$ 5,806,078	\$ 5,806,078	\$ 5,840,041	\$ 33,963
Real property tax items	263,000	263,000	261,480	(1,520)
Sales and other taxes	6,880,000	6,880,000	7,034,061	154,061
Departmental income	325,858	232,858	101,299	(131,559)
Intergovernmental revenue	100,150	100,150	-	(100,150)
Use of money and property	124,584	124,584	87,630	(36,954)
Licenses and permits	69,850	69,850	147,757	77,907
Fines and forfeitures	58,500	151,500	52,020	(99,480)
Sale of property and compensation for loss	12,500	-	100,030	100,030
Miscellaneous local sources	1,881,335	325,498	194,579	(130,919)
State and federal sources	672,972	3,024,210	2,786,781	(237,429)
	<u>16,194,827</u>	<u>16,977,728</u>	<u>16,605,678</u>	<u>(372,050)</u>
EXPENDITURES				
Current:				
General government	2,258,010	2,290,070	1,817,652	472,418
Public safety	8,042,405	8,213,466	7,802,853	410,613
Health	19,615	19,615	18,648	967
Transportation	2,428,131	2,428,131	1,690,221	737,910
Economic assistance	130,157	813,483	203,389	610,094
Culture and recreation	821,353	1,024,027	724,096	299,931
Home and community services	312,070	312,070	248,573	63,497
Refuse and recycling	94,790	94,790	88,888	5,902
Debt service:				
Principal	483,312	491,923	491,923	-
Interest	104,083	98,344	98,344	-
	<u>14,693,926</u>	<u>15,785,919</u>	<u>13,184,587</u>	<u>2,601,332</u>
Excess of revenues over expenditures	1,500,901	1,191,809	3,421,091	2,229,282
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	335,000	335,000	566,518	231,518
Interfund transfers out	(2,727,210)	(2,732,210)	(3,853,332)	(1,121,122)
	<u>(2,392,210)</u>	<u>(2,397,210)</u>	<u>(3,286,814)</u>	<u>(889,604)</u>
Net change in fund balance *	(891,309)	(1,205,401)	134,277	1,339,678
Fund balance - beginning of year	<u>7,643,788</u>	<u>7,643,788</u>	<u>7,643,788</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,752,479</u>	<u>\$ 6,438,387</u>	<u>\$ 7,778,065</u>	<u>\$ 1,339,678</u>

* The net change in fund balance is included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

**CITY OF BATAVIA, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE SELF INSURANCE FUND
 FOR THE YEAR ENDED MARCH 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
REVENUES				
Use of money and property	\$ -	\$ 772	\$ 7,933	\$ 7,161
Sale of property and compensation for loss	-	354,679	354,679	-
Miscellaneous local sources	-	-	6,426	6,426
	<u>-</u>	<u>355,451</u>	<u>369,038</u>	<u>13,587</u>
EXPENDITURES				
Current:				
General government	101,500	98,623	97,486	1,137
Employee health benefits	2,645,770	3,470,408	3,463,130	7,278
	<u>2,747,270</u>	<u>3,569,031</u>	<u>3,560,616</u>	<u>8,415</u>
Excess (deficit) of revenues over expenditures	(2,747,270)	(3,213,580)	(3,191,578)	22,002
OTHER FINANCING SOURCES				
Interfund transfers in	2,857,270	3,113,580	3,549,333	435,753
Interfund transfers out	(110,000)	-	(302,807)	(302,807)
	<u>2,747,270</u>	<u>3,113,580</u>	<u>3,246,526</u>	<u>132,946</u>
Net change in fund balance *	-	(100,000)	54,948	154,948
Fund balance - beginning of year	<u>1,034,605</u>	<u>1,034,605</u>	<u>1,034,605</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,034,605</u>	<u>\$ 934,605</u>	<u>\$ 1,089,553</u>	<u>\$ 154,948</u>

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

**CITY OF BATAVIA, NEW YORK
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED MARCH 31, 2021**

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and the special revenue funds (Self Insurance Fund, a major fund). The budgetary schedule for the general fund does not include the Business Improvement District fund (BID) which does not have a legally adopted budget. The Capital Projects Fund is appropriated on a project-length basis. Budgetary comparison schedules are presented for the General Fund and for each major special revenue fund, however, budgetary information for the nonmajor funds is not considered required supplementary information and, therefore, is not presented. The Capital Projects Fund is appropriated on a project-length basis and does not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements), which sometimes span a period of more than one fiscal year. The Water, Sewer and City Centre Enterprise Funds have a budget that is utilized for cost control purposes.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the city council or, in certain limited circumstances the City Manager. The legal level of budgetary control (e.g., 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 appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The City considers encumbrances to be significant for individual amounts that are encumbered in excess of \$50,000. As of March 31, 2021, there were no individually significant encumbrances.

NOTE 2 - FACTORS AFFECTING TRENDS IN PENSIONS

The City's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. In addition to this factor, the discount factor has varied from 7.5% to 6.8% since the implementation of GASB Statement No. 68.

	ERS	PFRS
<u>Year ended March 31:</u>		
2020	6.80%	6.80%
2019	7.00%	7.00%
2018	7.00%	7.00%
2017	7.00%	7.00%
2016	7.00%	7.00%
2015	7.50%	7.50%

NOTE 3 – FACTORS AFFECTING TRENDS IN RETIREE HEALTH PLAN (OPEB)

The City's retiree health plan's most significant factors and assumptions affecting the total OPEB liability are as follows:

	Discount Rate	Salary Scale	Inflation Rate	Ultimate Healthcare Cost Trend Rate
<u>Year ended March 31:</u>				
2021	2.27 %	3.00 %	2.25 %	3.78 %
2020	2.48	3.00	2.25	3.78
2019	3.42	3.00	2.25	3.78

SUPPLEMENTARY INFORMATION

**CITY OF BATAVIA, NEW YORK
 COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2021**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Mall Maintenance Fund	Small Cities Fund	Special Grant Fund	Capital Projects	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 162,823	\$ 162,823
Cash and cash equivalents - restricted	-	25,004	229,719	6,513	261,236
Loan receivables (net of allowance for uncollectible accounts)	-	42,075	182,089	-	224,164
State and federal receivables	-	-	-	120,122	120,122
Total assets	<u>\$ -</u>	<u>\$ 67,079</u>	<u>\$ 411,808</u>	<u>\$ 289,458</u>	<u>\$ 768,345</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 124,301	\$ 124,301
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,301</u>	<u>124,301</u>
FUND BALANCES					
Restricted	-	67,079	411,808	-	478,887
Assigned	-	-	-	165,157	165,157
Total fund balances	<u>-</u>	<u>67,079</u>	<u>411,808</u>	<u>165,157</u>	<u>644,044</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 67,079</u>	<u>\$ 411,808</u>	<u>\$ 289,458</u>	<u>\$ 768,345</u>

**CITY OF BATAVIA, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2021**

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Mall Maintenance Fund	Small Cities Fund	Special Grant Fund		
REVENUES					
Use of money and property	\$ 15	\$ 369	\$ 1,774	\$ 1,555	\$ 3,713
Miscellaneous local sources	-	8,948	3,616	-	12,564
State sources	-	-	-	83,878	83,878
Federal sources	-	-	-	59,600	59,600
Total revenues	<u>15</u>	<u>9,317</u>	<u>5,390</u>	<u>145,033</u>	<u>159,755</u>
EXPENDITURES					
Current:					
Economic assistance and opportunity	13,971	-	-	-	13,971
Home and community services	-	15,863	-	-	15,863
Capital outlay:					
General government	-	-	-	303,479	303,479
Transportation	-	-	-	342,928	342,928
Culture and recreation	-	-	-	39,023	39,023
Total expenditures	<u>13,971</u>	<u>15,863</u>	<u>-</u>	<u>685,430</u>	<u>715,264</u>
Excess/(deficit) of revenues over expenditures	(13,956)	(6,546)	5,390	(540,397)	(555,509)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	210,459	210,459
Interfund transfers out	-	-	-	(38,711)	(38,711)
Serial bond proceeds	-	-	-	380,600	380,600
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>552,348</u>	<u>552,348</u>
Net change in fund balances	(13,956)	(6,546)	5,390	11,951	(3,161)
Fund balances - beginning	<u>13,956</u>	<u>73,625</u>	<u>406,418</u>	<u>153,206</u>	<u>647,205</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 67,079</u>	<u>\$ 411,808</u>	<u>\$ 165,157</u>	<u>\$ 644,044</u>

