# Village of Youngstown, New York

***Notes to Annual Financial Report Update Document***

## I. Summary of Significant Accounting Policies

The fund financial statements of the Village of Youngstown (the "Village") 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 Village's accounting policies are described below.

### A. Financial Reporting Entity

The Village of Youngstown, New York, which was incorporated in 1854, is governed by Village Law, general laws of the State of New York and various local laws and ordinances. The Village Board is the legislative body responsible for overall operations. The mayor serves as chief executive officer and the Village clerk-treasurer serves as the chief fiscal officer. The Village's receivables consist of water and sewer rents due from customers who are Village of Youngstown residents.

The following basic services are provided: general government support, police and fire protection, street maintenance, recreation programs, street lighting, and water service.

All governmental activities and functions performed for the Village of Youngstown are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes organizations, functions, and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial reporting entity consists of the primary government (Village of Youngstown).

### B. Fund Accounting

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Each fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The various funds are summarized by type in the financial statements.

## I. Summary of Significant Accounting Policies (continued)

### B. Fund Accounting (continued)

The following fund types and account groups are used by the Village:

1. *Fund Categories*

*Governmental Funds* – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the Village's expendable financial resources, and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Village's governmental fund types:

*General Fund* – The General Fund is the principal operating fund and includes all operations not accounted for and reported in another fund.

*Special Revenue Funds* – The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

- *Water* – Used to account for revenues and expenditures for water purposes only
- *Sewer* – Used to account for revenues and expenditures for sewer purposes only

*Capital Projects Fund* – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

*Fiduciary Fund* – Fiduciary Funds are used to account for assets held by the Village in a trustee or custodial capacity and include:

- *Custodial Funds* – Custodial Funds are used to account for fiduciary activities that are not required to be reported in a private-purpose trust fund.

## I. Summary of Significant Accounting Policies (continued)

### B. Fund Accounting (continued)

#### 2. <u>*Account Groups*</u>

*Account Groups* – Used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not funds. They are concerned with measurement of financial position and not results of operations.

*General Fixed Assets Account Group* – Used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes. Presently the Village is not in compliance with GASB 34.

*General Long-Term Debt Account Group* – Used to account for all long-term debt.

### C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures.

***Modified Accrual Basis*** – All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state, and federal aid, sales and mortgage taxes and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- Principal and interest on indebtedness are recognized as expenditures when payment is due.
- Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when paid.
- Pension Costs are recognized as expenditure when billed by the state.

## I. Summary of Significant Accounting Policies (continued)

### D. Account Groups

General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time receive. No provision for depreciation is provided. General long-term debt liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity.

### E. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

***Nonspendable*** consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

***Restricted*** consists of amounts that are subject to external enforceable legal purpose restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

***Committed*** consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Village Board is the decision-making authority that can, budget approval prior to the end of the fiscal year, commit fund balance.

***Assigned*** consists of amounts that are subject to a purpose constraint that represents and intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Village Board, by budget approval has authorized the Village Supervisor to assign fund balance.

***Unassigned*** represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, unassigned.

## I. Summary of Significant Accounting Policies (continued)

### F. Capital Assets

Fixed assets purchased for general governmental purposes are recorded as expenditures in the Governmental Funds and are capitalized at cost or estimated historical cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain infrastructure type improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Village. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the Schedule of Non-Current Governmental Assets. The Village defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of 10 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

No depreciation has been provided on general fixed assets, nor has interest on general fixed assets construction in progress been capitalized. The Village has not implemented GASB 34.

### G. Insurance

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. 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.

### H. Compensated Absences

Village employees are granted vacation, sick leave, and earn compensatory time in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave, and unused compensatory time.

# I. Summary of Significant Accounting Policies (continued)

## I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# II. Stewardship, Compliance, Accountability

## A. Budgetary Data

The Village employs the following budgetary procedures:

No later than March 31st, the Village clerk submits a tentative budget to the Village Board for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village.

After public hearings are held to obtain taxpayer comments, but no later than May 1st, the Village Board adopts the Village budget.

All modifications of the budget must be approved by the Village Board.

Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project.

**Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with generally accepted accounting principles.

## II. Stewardship, Compliance, Accountability (continued)

### B. Property Taxes

Village real property taxes are levied annually no later than May 15th and become a lien on June 1st. The Village tax rate is based on the amount per $1,000 assessed value. Delinquent accounts of the water department are transferred to the Village's real property tax roll annually for collection. Taxes are collected during the period of June 1 to October 31. Taxes may be paid without penalty between June 1st and July 1st. Unpaid taxes are purchased by the county annually.

## III. Detail Notes on All Fund and Account Groups

### A. Assets

1. *Cash and Investments*

The Village's investment policies are governed by state statues. In addition, the Village has its own written investment policies. Village monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

The Village treasurer is authorized to use interest bearing demand deposits and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, repurchase agreements, and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposit at 100% of all deposits not covered by FDIC 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial bank in the Village's name.

# III. Detail Notes on All Funds and Account Groups (continued)

## A. Assets (continued)

### 1. *Cash and Investments (continued)*

Deposits consist of:

| Fund | | Bank Balance | Carrying Amount | |
|---|---|---|---|---|
| General, Water, & Sewer Fund | $ | 2,380,310 | 2,376,403 | Insurance (FDIC) and collateral held by Village's custodial bank |
| Trust & Agency | | 58,199 | 56,199 | Insurance (FDIC) and collateral held by Village's custodial bank |
| Capital Projects | | 2,500 | 2,500 | Insurance (FDIC) and collateral held by Village's custodial bank |
| Total Deposits | $ | 2,441,008 | $ 2,435,102 | |

### 2. *Investments*

The Village had no investments at May 31, 2024, however when the Village has investments they are recorded at fair value based on quoted market value.

# III. Detail Notes on All Funds and Account Groups (continued)

## A. Assets (continued)

### 3. *Due From Other Governments*

There were no receivables due from governments accrued by the Village at May 31, 2024.

Accounts receivable represent water bills. There were no significant revenues considered as not subject to accrual.

### 4. *Changes in Fixed Assets*

A summary of changes in general fixed assets follows:

| Type | Balance 5/31/2023 | Additions | Deletions | Balance 5/31/2024 |
|---|---|---|---|---|
| Land | $ 403,058 | $ - | $ - | $ 403,058 |
| Buildings | 35,718 | 48,733 | - | 84,451 |
| Improvements other than Buildings | 180,508 | 445,192 | - | 625,700 |
| Machinery and Equipment | 185,336 | 185,528 | - | 370,864 |
| Total | $ 804,620 | $ 679,453 | $ - | $ 1,484,073 |

## B. Liabilities

### 1. *Pension Plan*

*a.* Plan Description – The Village participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the 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 serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The 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 Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. *Pension Plan (continued)*

*a.* Plan Description (continued)

benefits in the form of life insurance. GLIP amounts are apportioned to and included in ERS and PFRS. The System is included in the State's financial report as a pension trust fund. That report may be found at ww.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information, or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

*b.* Benefits Provided – The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. Pension Plan (continued)

*b.* Benefits Provided (continued)

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is 5 for each year of service over 30 years. Tier 3 and 4 members with 5 or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as age 55 with reduced benefits.

## III. Detail Notes on All Funds and Account Groups (continued)

### B. Liabilities (continued)

1. *Pension Plan (continued)*

*b.* Benefits Provided (continued)

Final average salary is the average of the wages earned in the 5 highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous 4 years.

*Special Plans*

The 25-Year Plans allow for retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow for retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS and PRFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally 3 times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for 5 years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for 5 years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for 5 years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. *Pension Plan (continued)*

*b.* Benefits Provided (continued)

retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

*c.* Contributions – Tier 1 and 2 members do not have to contribute any of their salary to the System. Generally, however, tier 3, 4, and 5 members contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Under the authority of the NYS RSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31st. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

| | ERS | PFRS |
|---|---|---|
| 2023 | $ 40,253 | $ 3,138 |
| 2022 | $ 33,556 | $ 6,044 |
| 2021 | $ 41,567 | $ 7,876 |

Chapter 57 of the Laws of 2010 of the State of New York, part TT, amending the Retirement and Social Security Law, was enacted to allow local employers to amortize a portion of their retirement bill for ten years in accordance with the following stipulations:

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. *Pension Plan (continued)*

c. Contributions (continued)

- For State fiscal year ("SFY") 2010-2011, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.

- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.

- The interest rate will be set annually, and will be comparable to taxable fixed income investments of a similar duration.

- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was $0.

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, and prior year adjustments) and the graded contribution.

- For subsequent SFYs, the graded rate will increase or decrease by up to 0.5% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. *Pension Plan (continued)*

*c.* Contributions (continued)

- The interest rate will be set annually, and will be comparable to a 12-year U.S. Treasury Bond plus 1%.

- For subsequent SFYs in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was $0.

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

On May 31, 2023, the Village reported a liability of $419,149 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

On May 31, 2023, the Village's ERS proportion was 0.0017946%, resulting in an increase of 0.0008672% from its proportion measured on May 31, 2022.

On May 31, 2023, the Village's PFRS proportion was 0.0006227%, resulting in a decrease of 0.0008615% from its proportion measured on May 31, 2022.

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. Pension Plan (continued)

#### d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended May 31, 2023, the Village recognized pension expense of $43,391. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| ERS: | | |
| Differences between expected and actual experience | $ 10,807 | $ 40,987 |
| Changes of assumptions | 2,066 | 186,899 |
| Net difference between projected and actual earnings on pension plan investments | 2,261 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 43,729 | 43,515 |
| Total ERS | $ 58,863 | $ 271,401 |
| PFRS: | | |
| Differences between expected and actual experience | $ - | $ 3,354 |
| Changes of assumptions | - | 16,720 |
| Net difference between projected and actual earnings on pension plan investments | - | 61 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 37,964 | 5,216 |
| Total PFRS | $ 37,964 | $ 25,351 |

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. Pension Plan (continued)

*d.* Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended May 31: | ERS | PFRS |
|---|---|---|
| 2024 | 48,464 | (7,596) |
| 2025 | (21,306) | (10,538) |
| 2026 | 76,501 | 3,891 |
| 2027 | 108,879 | 3,466 |
| 2028 | 0 | (1,836) |
| Total | $ 212,538 | $ (12,613) |

*e.* Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions:

| | ERS | PFRS |
|---|---|---|
| Inflation | 2.9% | 2.9% |
| Salary increases | 4.4% | 6.2% |
| Investments rate of return (net of investment expense, including inflation) | 5.9% | 5.9% |
| Cost of living adjustments | 1.5% | 1.5% |

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. Pension Plan (continued)

#### e. Actuarial Assumptions (continued)

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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 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 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, 2023 are summarized below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic equity | 32.00% | 4.30% |
| International equity | 15.00% | 6.85% |
| Private equity | 10.00% | 7.50% |
| Real estate | 9.00% | 4.60% |
| Opportunistic/ absolute return strategy | 3.00% | 5.38% |
| credit | 4.00% | 5.43% |
| Real assets | 3.00% | 5.84% |
| Fixed income | 23.00% | 1.50% |
| Cash | 1.00% | 0.00% |
| | 100.00% | |

The real rate of return is net of the long-term inflation assumption of 2.50%.

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

### 1. *Pension Plan (continued)*

#### *f.* Discount Rate

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

#### *g.* Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| ERS Net Pension Liability | 929,970 | $ 384,831 | $ (70,697) |
| PFRS Net Pension Liability | $ 71,523 | $ 34,311 | $ 3,497 |

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

1. *Pension Plan (continued)*

   *h.* Pension Plan Fiduciary Net Position

   The components of the current-year net pension liability of the employers as of March 31, 2023, were as follows:

| | ERS | PFRS | Total |
|---|---|---|---|
| Employers Total Pension Liability | $ 220,680,157 | $ 41,236,775 | $ 261,916,932 |
| Plan Net Position | 220,580,583 | 39,500,500 | 260,081,083 |
| Employers Net Pension Liability | $ 99,574 | $ 1,736,275 | $ 1,835,849 |
| Ratio of Plan Net Position to the Employer's Total Pension Liability | 99.95% | 95.79% | 99.30% |

2. *Short-Term Debt*

   Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects funds. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

   State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

   The Village of Youngstown had $0 in outstanding BAN's on May 31, 2024.

3. *Long-Term Debt*

   *a.* The Village had $0 in outstanding indebtedness on May 31, 2024.

   *b.* Serial Bonds and Capital Notes

   The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the

# III. Detail Notes on All Funds and Account Groups (continued)

## B. Liabilities (continued)

benefit of the capital assets. The long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-current Governmental Liabilities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

*c.* Other Long-Term Liabilities

In addition to the above long-term debt, the local government had the following non-current liabilities:

- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences

## III. Detail Notes on All Funds and Account Groups (continued)

### B. Liabilities (continued)

4. *Long-Term Debt (continued)*

*d.* Summary of Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

| | | Bonds | Compensated Absences | Pension GASB 68 | OPEB GASB 74/75 | Total |
|---|---|---|---|---|---|---|
| Payable on June 1, 2023 | $ | - | 65,467 | 419,142 | 776,129 | 1,260,73 |
| Additions | | - | - | - | - | |
| Deletions | | - | (5,692) | - | - | (5,69 |
| Payable May 31, 2024 | $ | - | 59,775 | 419,142 | 776,129 | 1,255,04 |

Long-Term Debt Maturity Schedule

The following is a statement of serial bonds with corresponding maturity schedules:

| Decription By Fund | Original Date Issued | Original Amount | Rate | Date Final Maturity | Outstanding |
|---|---|---|---|---|---|
| *General* | | | | | |
| Dump Truck Capital Lease | 10/17/17 | $ 134,851 | 3.310% | 10/27/23 | $ - |
| | | | | | $ - |

The following table summarizes the Village's future debt service requirements as of May 31, 2024.

| Year Ending Date | Serial Bonds Principal | Interest |
|---|---|---|
| 2024 | $ | $ |
| 2025 | | |
| 2026 | | |
| 2027 & thereafter | - | - |
| | $ - | $ - |

## III. Detail Notes on All Funds and Account Groups (continued)

### B. Liabilities (continued)

*5. <u>Contingencies</u>*

General Liability – The Village is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Village purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year.

### C. Interfund Receivables and Payables

Interfund receivables and payables were as follows:

| | Receivables | Payables |
|---|---|---|
| General Fund | $ 14,982 | $ - |
| Water | - | - |
| Capital Projects | - | - |
| Custodial | - | 14,982 |
| | $ 14,982 | $ 14,982 |

### D. Fund Equity

1. *<u>Allocation of Fund Balance</u>* – Certain funds of the Village apply to areas less than the entire Village. The fund equity at the balance sheet date is allocated as follows:

| | |
|---|---|
| General Fund | $ 1,615,689 |
| Water | 465,729 |
| Sewer | 299,742 |
| Capital Projects | (683,317) |
| Trust & Agency | 37,444 |

2. *<u>Reserves</u>* – The operating fund equity includes reserve funds established pursuant to State law for the following purposes:

| Fund | Purpose | End of Year Balance |
|---|---|---|
| General Fund | Unemployment Insurance | $ 2,009 |