

**AUDITED
BASIC FINANCIAL STATEMENTS**

CITY OF GENEVA, NEW YORK

DECEMBER 31, 2014

CITY OF GENEVA, NEW YORK

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SECTION A
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Geneva, 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 remaining aggregate fund information of the City of Geneva, New York (the City), as of and for the year ended December 31, 2014, 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 remaining aggregate fund information of the City, as of December 31, 2014, 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 schedule of funding progress for retiree health plan and the budgetary comparison schedule on page A29 and A30 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Freed Maxick CPAs, P.C.

Batavia, New York
October 23, 2015

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 3,785,582	\$ 3,102,591	\$ 6,888,173
Cash and cash equivalents - restricted	-	2,822,081	2,822,081
Certificates of deposit	1,113,452	-	1,113,452
Receivables (net of allowance for uncollectible receivables)			
Accounts receivable	342,768	1,798,054	2,140,822
Taxes receivable	750,975	-	750,975
Loans receivable	5,203,721	-	5,203,721
State and federal receivables	906,883	-	906,883
Due from other governments	379,720	37,711	417,431
Due from fiduciary fund	98,289	4,590	102,879
Prepaid expenses	5,683	5,682	11,365
Capital assets not being depreciated	6,507,553	7,558,103	14,065,656
Capital assets, net of accumulated depreciation	27,607,803	36,929,521	64,537,324
Total assets	46,702,429	52,258,333	98,960,762
LIABILITIES:			
Accounts payable	107,797	99,863	207,660
Accrued interest payable	38,336	69,065	107,401
Due to other governments	1,805,000	-	1,805,000
Unearned revenue	1,793,195	-	1,793,195
Other liabilities	1,168	-	1,168
Bond anticipation notes payable	1,322,763	3,675,000	4,997,763
Noncurrent liabilities:			
Due and payable within one year	1,577,606	1,950,559	3,528,165
Due and payable after one year	12,219,049	29,577,113	41,796,162
Total liabilities	18,864,914	35,371,600	54,236,514
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - revolving loans	1,808,104	-	1,808,104
Total deferred inflows of resources	1,808,104	-	1,808,104
NET POSITION:			
Net investment in capital assets	23,693,722	12,882,883	36,576,605
Restricted for capital projects	396,657	141,693	538,350
Restricted for public safety	49,193	-	49,193
Unrestricted	1,889,839	3,862,157	5,751,996
Total net position	\$ 26,029,411	\$ 16,886,733	\$ 42,916,144

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	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
Governmental activities:							
General government	\$ 1,494,450	\$ 114,545	\$ -	\$ -	(1,379,905)	\$ -	(1,379,905)
Public safety	8,677,407	522,106	-	-	(8,155,301)	-	(8,155,301)
Transportation	1,703,402	14,635	-	384,791	(1,303,976)	-	(1,303,976)
Economic assistance and opportunity	176,530	190,776	-	-	14,246	-	14,246
Culture and recreation	1,885,918	287,805	-	-	(1,598,113)	-	(1,598,113)
Home and community services	767,659	112,031	37,934	-	(617,694)	-	(617,694)
Interest on debt	361,173	-	-	-	(361,173)	-	(361,173)
Total governmental activities	15,066,539	1,241,898	37,934	384,791	(13,401,916)	-	(13,401,916)
Business-type activities:							
Sewer	5,165,497	4,102,764	-	-	-	(1,062,733)	(1,062,733)
Water	3,745,266	2,832,489	-	-	-	(912,777)	(912,777)
Total business-type activities	8,910,763	6,935,253	-	-	-	(1,975,510)	(1,975,510)
Total governmental and business-type activities	\$ 23,977,302	\$ 8,177,151	\$ 37,934	\$ 384,791	(13,401,916)	(1,975,510)	(15,377,426)
General revenues:							
Real property taxes and real property tax items					7,407,488	-	7,407,488
Non-property taxes					3,634,291	-	3,634,291
Interest earnings					127,958	3,870	131,828
State and federal aid not restricted for a specific purpose					3,406,120	-	3,406,120
Other miscellaneous revenues					191,750	55,235	246,985
Premium on bond anticipation notes					18,018	74,414	92,432
Gain (loss) on sale of capital assets					296	-	296
Transfers					1,158,568	(1,158,568)	-
Total general revenues and transfers					15,944,489	(1,025,049)	14,919,440
Change in net position					2,542,573	(3,000,559)	(457,986)
Net position - beginning					23,486,838	19,887,292	43,374,130
Net position - ending					\$ 26,029,411	\$ 16,886,733	\$ 42,916,144

See notes to basic financial statements.
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CITY OF GENEVA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Community Development	Capital Projects	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 2,366,522	\$ 420,885	\$ 998,175	\$ 3,785,582
Certificates of deposit	-	1,113,452	-	1,113,452
Receivables (net of allowance for uncollectible receivables)				
Accounts receivable	342,768	-	-	342,768
Taxes receivable	750,975	-	-	750,975
Loans receivable	-	5,203,721	-	5,203,721
State and federal receivables	221,160	-	685,723	906,883
Due from other funds	124,620	1,864	-	126,484
Due from other governments	379,720	-	-	379,720
Prepaid expenses	5,683	-	-	5,683
	<u>\$ 4,191,448</u>	<u>\$ 6,739,922</u>	<u>\$ 1,683,898</u>	<u>\$ 12,615,268</u>
LIABILITIES:				
Accounts payable	\$ 93,979	\$ 202	\$ 13,616	\$ 107,797
Accrued liabilities	-	-	-	-
Bond anticipation notes payable	-	-	1,322,763	1,322,763
Due to other funds	26,331	1,864	-	28,195
Due to other governments	-	1,805,000	-	1,805,000
Unearned revenue	1,793,195	-	-	1,793,195
Other liabilities	1,168	-	-	1,168
Compensated absences	14,234	-	-	14,234
	<u>1,928,907</u>	<u>1,807,066</u>	<u>1,336,379</u>	<u>5,072,352</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	599,049	-	-	599,049
Unavailable revenue - revolving loans	-	1,808,104	-	1,808,104
	<u>599,049</u>	<u>1,808,104</u>	<u>-</u>	<u>2,407,153</u>
FUND BALANCES:				
Nonspendable	5,683	-	-	5,683
Restricted	445,850	3,124,752	-	3,570,602
Unassigned (deficit)	1,211,959	-	347,519	1,559,478
Total fund balances (deficit)	<u>1,663,492</u>	<u>3,124,752</u>	<u>347,519</u>	<u>5,135,763</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 4,191,448</u>	<u>\$ 6,739,922</u>	<u>\$ 1,683,898</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	34,115,356
Long-term liabilities, including accrued interest payable, loans payable, serial bonds payable, compensated absences, post employment benefits and employee retirement system liability are not due and payable in the current period and therefore are not reported in the funds.	(13,820,757)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	<u>599,049</u>
Net position	<u><u>\$ 26,029,411</u></u>

CITY OF GENEVA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Community Development	Capital Projects	Total Governmental Funds
REVENUES:				
Real property taxes	\$ 6,522,741	\$ -	\$ -	\$ 6,522,741
Real property tax items	946,539	-	-	946,539
Sales and other taxes	3,634,291	-	-	3,634,291
Departmental income	511,709	-	-	511,709
Intergovernmental charges	158,971	190,776	-	349,747
Use of money and property	20,321	121,233	-	141,554
Licenses and permits	78,033	-	-	78,033
Fines and forfeitures	237,166	-	-	237,166
Sale of property and compensation for loss	55,013	-	-	55,013
Miscellaneous local sources	188,016	369	-	188,385
State and federal sources	2,768,037	37,934	1,022,874	3,828,845
Premium on bond anticipation notes	-	-	18,018	18,018
Total revenues	<u>15,120,837</u>	<u>350,312</u>	<u>1,040,892</u>	<u>16,512,041</u>
EXPENDITURES:				
General government	1,788,276	-	699,038	2,487,314
Public safety	5,481,946	-	122,316	5,604,262
Transportation	1,424,327	-	326,214	1,750,541
Economic assistance and opportunity	165,778	25,913	-	191,691
Culture and recreation	1,148,875	-	178,642	1,327,517
Home and community services	555,360	378,160	-	933,520
Employee benefits	3,945,211	-	-	3,945,211
Debt service:				
Principal	1,459,150	-	-	1,459,150
Interest	388,836	-	-	388,836
Total expenditures	<u>16,357,759</u>	<u>404,073</u>	<u>1,326,210</u>	<u>18,088,042</u>
Deficit of revenues over expenditures	(1,236,922)	(53,761)	(285,318)	(1,576,001)
OTHER FINANCING SOURCES:				
Interfund transfers in	1,998,568	-	-	1,998,568
Interfund transfers out	-	(840,000)	-	(840,000)
Proceeds from installment purchase debt	-	-	2,770,163	2,770,163
Bond anticipation notes redeemed from appropriation	-	-	200,000	200,000
Total other financing sources	<u>1,998,568</u>	<u>(840,000)</u>	<u>2,970,163</u>	<u>4,128,731</u>
Net change in fund balances	761,646	(893,761)	2,684,845	2,552,730
Fund balances (deficit) - beginning	<u>901,846</u>	<u>4,018,513</u>	<u>(2,337,326)</u>	<u>2,583,033</u>
Fund balances - ending	<u>\$ 1,663,492</u>	<u>\$ 3,124,752</u>	<u>\$ 347,519</u>	<u>\$ 5,135,763</u>

See notes to basic financial statements.

CITY OF GENEVA, 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 DECEMBER 31, 2014

Net change in fund balances - total governmental funds	\$ 2,552,730
Amounts reported for governmental activities in the statement of activities 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 (\$3,704,721) exceeded depreciation (\$2,007,141) in the current period.	1,697,580
Proceeds of installment purchase debt are recorded as other financing sources for governmental funds whereas on the statement of activities the proceeds of installment purchase debt are reported as liabilities in the statement of net position.	(2,770,163)
Repayment of bonds, installment purchase debt and loans are expenditures in the governmental funds, but these repayments reduce long-term liabilities in the statement of net position. This is the amount of debt repayments made in the current period.	1,259,150
The governmental funds report the effect of bond premiums when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,988
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.	(61,793)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(29,581)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.	25,675
Increases/decreases in accrued compensated absences reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.	76,917
On the statement of activities the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.	(228,149)
On the statement of activities the actual long term expenditures for the Employee Retirement System Original Contribution Stabilization Program are reported whereas on the governmental funds only the actual expenditures are recorded for the employee retirement system.	18,219
Change in net position of governmental activities	\$ <u>2,542,573</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2014

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 1,660,058	\$ 1,442,533	\$ 3,102,591
Cash and cash equivalents - restricted	1,544,512	1,277,569	2,822,081
Accounts receivable	920,699	877,355	1,798,054
Due from other funds	2,093	5,773	7,866
Due from other governments	37,711	-	37,711
Prepaid expenses	2,841	2,841	5,682
Capital assets not being depreciated	7,496,951	61,152	7,558,103
Capital assets, net of accumulated depreciation	23,549,743	13,379,778	36,929,521
Total assets	<u>\$ 35,214,608</u>	<u>\$ 17,047,001</u>	<u>\$ 52,261,609</u>
LIABILITIES:			
Accounts payable	\$ 74,959	\$ 24,904	\$ 99,863
Due to other funds	3,276	-	3,276
Accrued interest payable	38,161	30,904	69,065
Bond anticipation notes payable	3,056,250	618,750	3,675,000
Noncurrent liabilities:			
Due and payable within one year	1,227,765	722,794	1,950,559
Due and payable after one year	22,093,783	7,483,330	29,577,113
Total liabilities	<u>26,494,194</u>	<u>8,880,682</u>	<u>35,374,876</u>
NET POSITION:			
Net investments in capital assets	6,657,935	6,224,948	12,882,883
Restricted for capital projects	49,214	92,479	141,693
Unrestricted	2,013,265	1,848,892	3,862,157
Total net position	<u>8,720,414</u>	<u>8,166,319</u>	<u>16,886,733</u>
Total liabilities and net position	<u>\$ 35,214,608</u>	<u>\$ 17,047,001</u>	<u>\$ 52,261,609</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 4,102,764	\$ 2,832,489	\$ 6,935,253
Other operating revenues	28,421	26,814	55,235
Total operating revenues	<u>4,131,185</u>	<u>2,859,303</u>	<u>6,990,488</u>
OPERATING EXPENSES:			
Salaries, wages and employee benefits	1,334,315	1,059,537	2,393,852
Contractual expense	2,379,953	1,923,604	4,303,557
Depreciation	1,072,640	550,075	1,622,715
Total operating expenses	<u>4,786,908</u>	<u>3,533,216</u>	<u>8,320,124</u>
Operating income (loss)	<u>(655,723)</u>	<u>(673,913)</u>	<u>(1,329,636)</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	2,131	1,739	3,870
Interest expense	(378,589)	(212,050)	(590,639)
Premium on bond anticipation notes	46,438	27,976	74,414
Transfers to other funds	(705,042)	(453,526)	(1,158,568)
Total non-operating expenses	<u>(1,035,062)</u>	<u>(635,861)</u>	<u>(1,670,923)</u>
Change in net position	(1,690,785)	(1,309,774)	(3,000,559)
Net position - beginning	<u>10,411,199</u>	<u>9,476,093</u>	<u>19,887,292</u>
Net position - ending	<u>\$ 8,720,414</u>	<u>\$ 8,166,319</u>	<u>\$ 16,886,733</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 3,985,790	\$ 2,722,307	\$ 6,708,097
Cash payments for contractual expenses	(2,654,844)	(1,912,923)	(4,567,767)
Cash payments to employees for services	(1,286,153)	(1,036,900)	(2,323,053)
Other operating revenues	28,421	26,814	55,235
Net cash provided by operating activities	<u>73,214</u>	<u>(200,702)</u>	<u>(127,488)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	<u>(705,042)</u>	<u>(453,526)</u>	<u>(1,158,568)</u>
Net cash used by noncapital financing activities	<u>(705,042)</u>	<u>(453,526)</u>	<u>(1,158,568)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets	(1,277,367)	(218,058)	(1,495,425)
Principal payments on debt	(1,197,386)	(691,760)	(1,889,146)
Proceeds on BAN issuance	3,056,250	618,750	3,675,000
Interest paid on debt	(419,694)	(277,339)	(697,033)
Premium on bond anticipation notes	46,438	27,976	74,414
Net cash used by capital and related financing activities	<u>208,241</u>	<u>(540,431)</u>	<u>(332,190)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on cash and investments	<u>2,131</u>	<u>1,739</u>	<u>3,870</u>
Net cash provided by investing activities	<u>2,131</u>	<u>1,739</u>	<u>3,870</u>
Net decrease in cash and cash equivalents	(421,456)	(1,192,920)	(1,614,376)
Cash and cash equivalents - beginning	<u>3,626,026</u>	<u>3,913,022</u>	<u>7,539,048</u>
Cash and cash equivalents - ending	<u>\$ 3,204,570</u>	<u>\$ 2,720,102</u>	<u>\$ 5,924,672</u>
Reconciliation of cash and cash equivalents to statement of financial position:			
Cash and cash equivalents	1,660,058	1,442,533	3,102,591
Restricted assets - cash and cash equivalents	1,544,512	1,277,569	2,822,081
Total cash and cash equivalents	<u>\$ 3,204,570</u>	<u>\$ 2,720,102</u>	<u>\$ 5,924,672</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ (655,723)	\$ (673,913)	\$ (1,329,636)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	1,072,640	550,075	1,622,715
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(116,974)	(110,182)	(227,156)
Due from other governments	114,801	-	114,801
Prepays	(2,841)	(2,841)	(5,682)
Increase (decrease) in:			
Accounts payable	(384,226)	14,090	(370,136)
Accrued liabilities	(2,625)	(568)	(3,193)
Retirement system liability	53,270	26,366	79,636
Post employment benefits	(5,108)	(3,729)	(8,837)
Net cash provided by operating activities	<u>\$ 73,214</u>	<u>\$ (200,702)</u>	<u>\$ (127,488)</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION- FIDUCIARY FUNDS
DECEMBER 31, 2014

	Private Purpose Trusts	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 371,840
Certificates of deposit - restricted	19,981	-
Due from other funds	-	25,645
Total assets	\$ 19,981	\$ 397,485
LIABILITIES AND NET POSITION:		
LIABILITIES:		
Agency liabilities	\$ -	\$ 268,961
Due to other funds	-	128,524
Total liabilities	-	397,485
NET POSITION:		
Reserved for cemetery operations	19,981	-
Total liabilities and net position	\$ 19,981	\$ 397,485

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private Purpose Trusts</u>
Net position - beginning	\$ <u>19,981</u>
Net position - ending	\$ <u><u>19,981</u></u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Geneva (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. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other exchange and nonexchange transactions. 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 or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary 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 property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

B. REPORTING ENTITY

The City reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, 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.

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.

In March 2010, the City of Geneva incorporated the City of Geneva Local Development Corporation (the Corporation), a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York. The sole member of the Corporation is the City of Geneva and the formation of the Corporation is to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest.

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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, while business-type activities incorporate data from the government's enterprise 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Development Fund – used to account for community development block grants and other federal grants not required to be accounted for in other funds.

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

The government reports the following major enterprise funds:

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

Additionally, the government reports the following fund types:

The Agency Funds and Private Purpose Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private Purpose Trust Funds are accounted for on the accrual basis.

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) 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. 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 government 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 government.

The proprietary and private purpose trust funds reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

E. BUDGETARY INFORMATION

1. BUDGETARY BASIS OF ACCOUNTING

The City Manager prepares a budget for approval by City Council. City Council holds at least one public hearing on the proposed budget. The City Council adopts a final budget based upon the proposed budget plus any modifications. Appropriations established by the budget constitute a limitation on expenditures (and encumbrances) which may be incurred.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures may not exceed appropriations, which lapse at the end of the fiscal year. Subsequent transfers or adjustment in the approved budget may be made only by the City Council or, in certain limited circumstances by the City Manager.

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2014, expenditures exceeded appropriations in the general government, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest debt service functions by \$126,825, \$118,186, \$54,710, \$3,278, \$44,416, \$113,277, and \$155,684, respectively. Total expenditures exceeded appropriations for the fiscal year ended December 31, 2014 by \$322,941.

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

1. CASH AND CASH EQUIVALENTS

The City's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

2. RESTRICTED ASSETS

Certain assets are classified on the balance sheet as restricted because their use is limited. 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.

3. ACCOUNTS RECEIVABLE

Receivables are shown net for financial statement presentation purposes. Generally accepted accounting principles require the establishment of an allowance for uncollectible accounts which has been provided for loans in the Community Development Fund and taxes in the General Fund. (See Note 2, A., 2 and 3)

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, enterprise, and fiduciary activities). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in Note 2, A., 4.

5. CAPITAL ASSETS

Government-wide financial statements

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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government 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 government 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.

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>
Land improvements	\$ 2,000	straight-line	10-50 years
Buildings	50,000	straight-line	25-50 years
Building and site improvements	50,000	straight-line	10-50 years
Infrastructure	100,000	straight-line	25-50 years
Furniture and equipment	5,000	straight-line	3-20 years
Vehicles	20,000	straight-line	5-10 years

6. 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.

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2014 the City does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. Deferred tax revenue is reported only on the governmental funds balance sheet. Unavailable revenue related to the revolving loan program is reported as a deferred inflow of resources on both the statement of net position and the governmental fund balance sheet (see Note 2., A., 2).

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. UNEARNED REVENUE

The City reports unearned revenue on its combined balance sheet. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources received by the City before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2014, unearned revenue in the General Fund consisted of unearned state aid of \$1,793,195.

9. COMPENSATED ABSENCES

Compensated absences are accrued as earned by employees. Upon retirement, employees will be paid for the number of days accumulated at the rate designated in the employees' employment contracts. The amount of compensated absences to be paid with current financial resources under the modified accrual basis are recorded in the governmental funds. The remaining vested compensated absences are recorded in the government-wide financial statements for Governmental Activities and Enterprise Funds.

10. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of serial bonds payable, installment purchase debt, loans payable, compensated absences and post employment benefit liabilities.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term obligations are reported as expenditures.

11. POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides health insurance coverage for retired employees as described at Note 2., B., 2.

12. INTERFUND TRANSFERS

The operations of the City give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets.

13. 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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (council) has by resolution authorized the city comptroller 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.

G. 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 attach as an enforceable lien on property as of January 1. Taxes are levied upon budget adoption and are payable in two installments on February 1 and June 1. The City bills and collects City tax and Ontario County real property taxes on properties within the City. The City also collects real property taxes of the Geneva City School District which remain unpaid at March 1. The City pays the County and School District the full amount of their property taxes during the year.

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 year-end.

The City is permitted by the New York State Constitution to levy taxes up to 2% of the most recent 5-year average full valuation of taxable real property. Taxes for principal and interest on long-term debt and for budgetary appropriations for capital outlay are excludable. The City is at 26.92% of its constitutional tax limit.

3. PROPRIETARY FUNDS – OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a 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. 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.

H. USE OF ESTIMATES

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FUTURE ACCOUNTING PRONOUNCEMENTS

As of December 31, 2014, the Governmental Accounting Standards Board (GASB) has issued both GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which should be applied simultaneously with the provisions of Statement No. 68. These Statements would require the City to record the unfunded liability related to the New York State and Local Retirement System, which are collectively the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS). As of December 31, 2014, the New York State and Local Retirement System has not provided sufficient information related to this liability to determine whether it will have a material impact on the City's financial statements upon implementation.

The GASB has issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending December 31, 2016; and
- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018

J. RECLASSIFICATIONS

Certain reclassifications have been made to the 2014 capital asset classifications to conform with the current year presentation.

NOTE 2 - STEWARDHIP, COMPLIANCE AND ACCOUNTABILITY

A. VIOLATIONS OF LEGAL OR CONTRACTUAL PROVISIONS

Note 1.E.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended December 31, 2014.

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 within the State. The City Comptroller 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 New York State or 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 municipalities and school districts.

- The City's aggregate bank balances were fully collateralized at December 31, 2014.

Investment and Deposit Policy

The City implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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 Comptroller.

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 and deposit 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 102% of the aggregate amount of deposits. The City restricts the securities to the following eligible items:

- 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.

B. LOANS RECEIVABLES

The loans receivable recorded in the Community Development Fund represent revolving loans receivable issued under the City's Community Development Block Grant programs and those passed through the U.S. Department of Housing and Urban Development. Loans outstanding as of December 31, 2014 under both programs amounted to \$5,895,240, against which an allowance of \$691,519 for uncollectible loans has been recorded.

A deferred inflow of resources of \$1,808,104 has been recorded in the Community Development Fund in connection with an Urban Development Action Grant (UDAG) grant/loan program. The City has met the grant requirements and awaits repayments of the notes for the funds to be available as revenue. Once funds are received, they are to be used for other projects eligible under the program.

C. RECEIVABLES

Significant revenues accrued by the City at December 31, 2014 include the following:

General Fund:

School Resource Officer	\$ 85,750
Franchise fees	76,117
Miscellaneous receivables	<u>180,901</u>
Total accounts receivable	<u>\$ 342,768</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Taxes receivable current	\$ 216,380
Taxes receivable overdue	186,990
City School taxes receivable	262,905
Property acquired for taxes	180,666
Allowance for uncollectible taxes	<u>(95,966)</u>
Total taxes receivable	<u>\$ 750,975</u>
Sales tax	<u>\$ 379,720</u>
NYS receivable	\$ 158,338
Miscellaneous receivables	<u>62,822</u>
State and federal receivable	<u>\$ 221,160</u>
<u>Community Development Fund:</u>	
Loans receivable	\$ 5,895,240
Allowance for receivables	<u>(691,519)</u>
Total loans receivable	<u>\$ 5,203,721</u>
<u>Capital Projects:</u>	
NYS receivable	<u>\$ 685,723</u>
<u>Water:</u>	
Water rents receivable	\$ 66,468
Unbilled receivables	809,611
Miscellaneous receivables	<u>1,276</u>
Total accounts receivable	<u>\$ 877,355</u>
<u>Sewer:</u>	
Sewer rents receivable	\$ 63,082
Unbilled receivables	<u>857,617</u>
Total accounts receivable	<u>\$ 920,699</u>
Town of Waterloo	<u>\$ 37,711</u>

D. INTERFUND ACTIVITY

Interfund activities at December 31, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 124,620	\$ 26,331	\$ 1,998,568	\$ -
Sewer Fund	2,093	3,276	-	705,042
Water Fund	5,773	-	-	453,526
Special Grant Fund	1,864	1,864	-	840,000
Agency Fund	<u>25,645</u>	<u>128,524</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 159,995</u>	<u>\$ 159,995</u>	<u>\$ 1,998,568</u>	<u>\$ 1,998,568</u>

Transfers among funds are provided for as part of the annual budget process and related to chargeback's for administrative services.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental Activities:

	Balance 01/01/14	Increases	Decreases	Balance 12/31/14
<u>Capital assets, not being depreciated:</u>				
Land	\$ 760,010	\$ -	\$ -	\$ 760,010
Construction work in progress	<u>2,677,272</u>	<u>3,070,271</u>	<u>-</u>	<u>5,747,543</u>
Total capital assets not being depreciated	<u>3,437,282</u>	<u>3,070,271</u>	<u>-</u>	<u>6,507,553</u>
<u>Capital assets, being depreciated:</u>				
Buildings	10,795,321	75,874	-	10,871,195
Improvements	46,448	-	-	46,448
Vehicles & equipment	7,013,901	409,795	42,258	7,381,438
Infrastructure	<u>33,341,503</u>	<u>148,781</u>	<u>-</u>	<u>33,490,284</u>
Total capital assets, being depreciated	<u>51,197,173</u>	<u>634,450</u>	<u>42,258</u>	<u>51,789,365</u>
<u>Less accumulated depreciation:</u>				
Buildings	7,588,795	790,015	-	8,378,810
Improvements	12,772	2,323	-	15,095
Vehicles & equipment	4,565,565	373,602	12,677	4,926,490
Infrastructure	<u>10,019,965</u>	<u>841,202</u>	<u>-</u>	<u>10,861,167</u>
Total accumulated depreciation	<u>22,187,097</u>	<u>2,007,141</u>	<u>12,677</u>	<u>24,181,562</u>
Total capital assets being depreciated, net	<u>29,010,076</u>	<u>(1,372,691)</u>	<u>29,581</u>	<u>27,607,803</u>
Governmental activities capital assets, net	<u>\$ 32,447,358</u>	<u>\$ 1,697,580</u>	<u>\$ 29,581</u>	<u>\$ 34,115,356</u>

Business-Type Activities:

	Balance 01/01/14	Increases	Decreases	Balance 12/31/14
<u>Capital assets, not being depreciated:</u>				
Land	\$ 350,547	\$ -	\$ -	\$ 350,547
Construction work in progress	<u>6,172,948</u>	<u>1,159,636</u>	<u>125,028</u>	<u>7,207,556</u>
Total capital assets not being depreciated	<u>6,523,495</u>	<u>1,159,636</u>	<u>125,028</u>	<u>7,558,103</u>
<u>Capital assets, being depreciated:</u>				
Buildings	5,733,199	-	-	5,733,199
Vehicles & equipment	7,696,315	369,948	37,264	8,028,999
Infrastructure	<u>45,404,372</u>	<u>125,028</u>	<u>-</u>	<u>45,529,400</u>
Total capital assets, being depreciated	<u>58,833,886</u>	<u>494,976</u>	<u>37,264</u>	<u>59,291,598</u>
<u>Less accumulated depreciation:</u>				
Buildings	3,458,272	321,267	-	3,779,539
Vehicles & equipment	7,613,229	481,988	3,105	8,092,112
Infrastructure	<u>9,670,966</u>	<u>819,460</u>	<u>-</u>	<u>10,490,426</u>
Total accumulated depreciation	<u>20,742,467</u>	<u>1,622,715</u>	<u>3,105</u>	<u>22,362,077</u>
Total capital assets being depreciated, net	<u>38,091,419</u>	<u>(1,127,739)</u>	<u>34,159</u>	<u>36,929,521</u>
Business activities capital assets, net	<u>\$ 44,614,914</u>	<u>\$ 31,897</u>	<u>\$ 159,187</u>	<u>\$ 44,487,624</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

<u>Governmental activities:</u>	
General government	\$ 54,121
Public safety	218,487
Transportation	1,276,738
Economic assistance and opportunity	222
Culture and recreation	457,505
Home and community services	<u>68</u>
Total depreciation expense - governmental activities	<u>2,007,141</u>
 <u>Business-type activities:</u>	
Home and community services	<u>1,622,715</u>
Total depreciation expense	<u>\$ 3,629,856</u>

F. PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (the Systems)

PLAN DESCRIPTION

The City of Geneva 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). These are cost-sharing multiple-employer, public employee retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

FUNDING POLICY

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976 who contribute 3.0% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the systems more than ten years are no longer required to contribute. In addition, employees contribution rates under ERS tier VI vary based on a sliding salary scale. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulated fund.

The City of Geneva is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2014	\$ 962,964	\$ 991,528
2013	873,124	1,228,631
2012	797,221	942,711

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The City of Geneva contributions made to the Systems were equal to 100 percent of the contributions required for each year. The City chose to prepay the required contributions by December 15, 2014 and received an overall discount of \$9,004 for PFRS. The City elected to participate in the original contribution stabilization program as enacted by New York State under Chapter 57, Laws of 2010. The program provides short-term cash relief by allowing municipalities to defer payment on a portion of the annual contribution, but requires repayment with interest in the following year. The City made a payment of \$545,359 under this program and deferred payment of the remaining \$319,908.

G. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)

PLAN DESCRIPTION

The City of Geneva, New York (the City), administers the City of Geneva Retiree Medical, Dental and Life Insurance Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical, dental and life 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 stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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.

ACCOUNTING POLICY

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Retiree Health Plan at December 31, 2014:

Annual required contribution (ARC)	1,263,916
Interest on OPEB obligation	132,653
Adjustment to ARC	<u>(137,374)</u>
OPEB expense	1,259,195
Contributions made	<u>(978,415)</u>
Increase net OPEB obligation	280,780
Net OPEB obligation - beginning of year	<u>3,316,327</u>
Net OPEB obligation - end of year	<u>\$ 3,597,107</u>
Percentage of expense contributed	83.12%

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The City's annual OPEB cost, contribution, percentage of OPEB cost contributed, and net postemployment benefit obligation for the plan for the current fiscal year ended December 31, 2014 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$1,259,195	\$ 978,415	77.70%	\$3,597,107
2013	1,259,781	817,346	64.88%	3,316,327
2012	1,151,408	789,060	68.53%	2,873,848

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2013, the actuarial accrued liability for benefits was \$20,548,319, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,471,985, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 275.00%. The total post employment health insurance cost to the City for 126 retirees was \$978,415 for the year ended December 31, 2014.

Actuarial valuations for OPEB involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following assumptions were made:

The December 31, 2013 actuarial valuation, with a valuation date of January 1, 2014, utilized the entry age actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the City's own assets, and an ultimate healthcare cost trend of 4.2 percent. Both rates included a 2.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period is twenty-six years.

H. RISK MANAGEMENT

Worker's Compensation Plan

The City is a participant in the Ontario County Self-Insurance Workers' Compensation Plan (the Plan). The Plan was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Ontario County. The Plan is a public entity risk pool and provides the City the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees.

The City is one of 27 municipal corporations that participate in the Plan. Eligible participants may become members upon filing with the County Board of Supervisors a copy of the resolution of the prospective member's governing board electing participation in the Plan on or before July 15th. Voluntary withdrawal from the Plan is effective only once annually.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Withdrawal from the Plan is effective at the end of the operating year upon filing with the County Board of Supervisors a copy of the resolution of the member's governing board electing to withdraw from the Plan on or before July 15th of the prior year. Currently, the Plan does not provide for payment of remaining financial obligations upon withdrawal of an entity. It is the intent of the County Board of Supervisors to evaluate, on a case by case basis, an entity's share of Plan liabilities once it elects out of the Plan. Contributions to the Plan are determined annually based upon claim payment experience, the number of employees of a participant, real property tax assessments, cash flow and bi-annual actuarial studies.

No refunds or assessments, other than periodic premiums, are charged to the participant organizations. In the event that the Plan's assets are not sufficient to meet its liabilities, the deficiency would be built into the Plan's ensuing year's budget. The Plan has established reserve liabilities which provide for current claim expenses. At December 31, 2014, the Plan sponsor determined that the reserves were considered adequate to cover discounted future claim liabilities.

I. 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. The amounts issued for business-type activities relate to both the water and sewer enterprise funds and are reported in each respective fund.

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 December 31, 2014:

	Original Issue	Interest Rate	Balance 1/1/14	Issued	Redemptions	BANS Permanently Financed	Balance 12/31/14
Governmental Activities:							
Reconstruction-Norwood Ave	2/10/2011	1.50%	\$ 680,000	\$ -	\$ 80,000	\$ 600,000	\$ -
Reconstruction-Lewis St.	2/10/2011	1.50%	550,000	-	55,000	495,000	-
Acquisition fire vehicle	2/9/2012	1.50%	415,000	-	65,000	350,000	-
Washington Street-cemetery	4/23/2013	1.00%	8,000	-	-	8,000	-
Lakefront park dock improvements	4/23/2013	1.00%	45,000	-	-	45,000	-
McDonough park buildings	4/23/2013	1.00%	150,000	-	-	150,000	-
Lakefront park seawall/boat launch	4/23/2013	1.00%	700,000	-	-	700,000	-
Putteney Park State improvement	4/23/2013	1.00%	10,000	-	-	10,000	-
Lakefront Improvement Phase I	9/30/2014	1.00%	-	297,763	-	-	297,763
Lakefront Improvement Phase II	9/30/2014	1.00%	-	800,000	-	-	800,000
Acquisition/Demo City Owned Structures	9/30/2014	1.00%	-	100,000	-	-	100,000
B&G roof replacement and auxiliary bldg.	9/30/2014	1.00%	-	125,000	-	-	125,000

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

	Original Issue	Interest Rate	Balance 1/1/14	Issued	Redemptions	BANS Permanently Financed	Balance 12/31/14
Business-Type Activities:							
<u>Water</u>							
Water treatment plant/water replacement	2/11/2010	1.50%	\$ 4,170,000	\$ -	\$ 335,000	\$ 3,835,000	\$ -
Reconstruction- Norman Ave.	2/10/2011	1.50%	185,000	-	10,000	175,000	-
Reconstruction- Lewis St.	2/10/2011	1.50%	430,000	-	15,000	415,000	-
N. Genesee St water lines	9/30/2014	1.00%	-	618,750	-	-	618,750
<u>Sewer</u>							
Reconstruction-Norman Ave.	2/10/2011	1.50%	210,000	-	10,000	200,000	-
Reconstruction- Lewis St.	2/10/2011	1.50%	385,000	-	15,000	370,000	-
Marsh Creek WWTP	8/5/2012	1.25%	6,140,000	-	165,000	5,975,000	-
N. Genesee St. sewer lines	9/30/2014	1.00%	756,250	-	-	-	756,250
South Treatment and Marsh Creek Plants	9/30/2014	1.00%	2,300,000	-	-	-	2,300,000

J. LEASE OBLIGATIONS

The City of Geneva entered into a fifteen year operating lease agreement as of August 6, 1998 to lease a firehouse. The lease requires annual payments ranging from \$192,850 to \$197,675. Rental expense under this lease amounted to \$195,758 for the year ended December 31, 2014. Negotiations are ongoing to extend the lease past December 31, 2014.

K. LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at December 31, 2014 are as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 12/31/14</u>
Governmental Activities				
<u>General Obligation Bonds:</u>				
S. Main St	10/11	2.00%-3.00%	05/15/18	\$ 105,000
Street Reconstruction	05/04	4.20%-4.75%	05/15/14	-
General Improvements	05/05	3.86%-4.25%	05/15/24	815,000
General Improvements	11/05	3.75%-4.00%	11/15/17	60,000
General Improvements	05/07	3.25%-4.00%	05/27/38	911,250
Various Projects	05/10	3.75%-4.25%	05/15/28	2,752,000
Various Projects	02/14	2.50%-3.50%	02/1/23	<u>2,358,000</u>
				\$ 7,001,250
Business-Type Activities				
<u>Water Obligation Bonds:</u>				
S. Main St.	10/11	2.00%-3.00%	05/15/18	\$ 138,000
Water tank- EFC	07/00	4.26%-5.74%	01/15/20	555,000
Water lines	05/04	4.20%-4.75%	05/15/30	435,500
Water Improvements	05/05	3.75%-4.00%	05/15/24	331,000
Water Improvements	05/07	3.75%-4.00%	05/15/21	288,750
Various Projects	05/10	3.25%-4.00%	05/15/28	1,384,000
Various Projects	02/14	2.50%-3.50%	02/01/40	<u>4,425,000</u>
				\$ 7,557,250

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

<u>Sewer Obligation Bonds:</u>					
Capital - EFC	07/00	4.26%-5.74%	01/15/20	\$	100,000
S. Main St.	10/11	2.00%-3.00%	05/15/18		352,000
Sewer Lines	05/04	4.20%-4.75%	05/15/30		259,500
Sewer Improvements	05/05	3.86%-4.25%	05/15/24		434,000
Sewer Improvements	05/07	3.75%-4.00%	05/15/21		365,000
Sewer Improvements- EFC	11/08	0.00%	05/27/38		10,933,242
Various Projects	05/10	3.25%-4.00%	05/15/28		2,844,000
Sewer Lines	05/11	3.75%-4.25%	05/15/25		935,000
Various Projects	02/14	2.50%-3.50%	02/01/42		<u>6,545,000</u>
				\$	<u>22,767,742</u>

Total serial bonds \$ 37,326,242

Installment purchase debt	01/11	4.474%	01/14/26		3,077,319
Installment purchase debt	01/11	6.50%	06/30/15		36,443
Installment purchase debt	01/13	2.655%	01/15/18		42,143
Installment purchase debt	04/11	2.06%	04/11/16		96,773
Installment purchase debt	05/14	4.50%	06/01/19		49,547
Installment purchase debt	06/14	3.31%	01/15/19		26,453
Installment purchase debt	05/14	2.24%	06/03/19		148,935
Installment purchase debt	05/14	2.91%	06/05/18		28,149
HUD 108 loan payable	09/06	Various	08/01/17		<u>226,000</u>

Total Indebtedness \$ 3,731,762

Total \$ 41,058,004

CHANGES IN LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities for the year ended December 31, 2014 are as follows:

	<u>Balance</u> <u>01/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
General obligation debt:					
Serial bonds	\$ 5,530,500	\$2,358,000	\$ 887,250	\$7,001,250	\$ 1,105,250
Plus unamortized premium	8,947	-	1,988	6,959	1,988
Other liabilities:					
Compensated absences	360,334	33,527	100,581	293,280	29,327
Loan payable	326,000	-	100,000	226,000	100,000
Employee retirement system	215,419	-	18,219	197,200	18,888
Net other post-employment benefit obligation	2,754,980	1,023,457	795,308	2,983,129	-
Installment purchase debt	<u>2,948,574</u>	<u>412,163</u>	<u>271,900</u>	<u>3,088,837</u>	<u>322,153</u>
Total government activities	<u>\$ 12,144,754</u>	<u>\$3,827,147</u>	<u>\$2,175,246</u>	<u>\$13,796,655</u>	<u>\$ 1,577,606</u>
Business-type Activities					
General obligation debt:					
Serial bonds	\$ 20,668,294	\$10,970,000	\$1,313,302	\$ 30,324,992	\$ 1,903,302
Plus unamortized premium	12,735	-	2,830	9,905	2,830
Other liabilities:					
Compensated absences	39,215	75,658	48,653	66,220	8,265
Net other post-employment benefit obligation	561,347	235,738	183,107	613,978	-
Employee retirement system	104,489	-	8,837	95,652	9,161
Installment purchase debt	<u>442,769</u>	<u>-</u>	<u>25,844</u>	<u>416,925</u>	<u>27,001</u>
Business-type activities	<u>21,828,849</u>	<u>11,281,396</u>	<u>1,566,147</u>	<u>31,527,672</u>	<u>1,950,559</u>
Total long-term liabilities	<u>\$ 33,973,603</u>	<u>\$15,108,543</u>	<u>\$3,741,393</u>	<u>\$45,324,327</u>	<u>\$ 3,519,005</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The debt service requirements for the City's bonds, loans payable and installment purchase debt are as follows:

Fiscal Year	Serial Bonds				Loans Payable		Installment Purchase Debt	
	Principal	Premium	Net	Interest	Principal	Interest	Principal	Interest
2015	\$ 3,008,552	\$ 4,818	\$ 3,013,370	\$ 859,536	\$ 100,000	\$ 11,578	\$ 344,392	\$ 159,696
2016	2,880,552	4,818	2,885,370	780,853	100,000	6,488	319,204	145,908
2017	2,725,552	4,818	2,730,370	708,024	26,000	1,378	281,451	134,326
2018	2,685,552	2,410	2,687,962	637,321	-	-	292,926	123,293
2019-2023	10,337,760	-	10,337,760	2,270,103	-	-	1,340,388	387,697
2024-2028	6,267,760	-	6,267,760	1,316,840	-	-	926,801	84,145
2029-2033	4,182,759	-	4,182,759	780,840	-	-	-	-
2034-2038	4,077,755	-	4,077,755	407,200	-	-	-	-
2039-2042	1,160,000	-	1,160,000	85,600	-	-	-	-
Total	<u>\$ 37,326,242</u>	<u>\$ 16,864</u>	<u>\$ 37,343,106</u>	<u>\$ 7,846,317</u>	<u>\$ 226,000</u>	<u>\$ 19,444</u>	<u>\$ 3,505,762</u>	<u>\$ 1,035,065</u>

L. FUND BALANCE

FUND BALANCE POLICY

As of December 31, 2014, the City had not adopted a formal spending policy, therefore, the use of fund balance will be spent in the following order as required under the provisions of GASB Statement No. 54: restricted, committed, assigned and then unassigned.

DETAIL OF FUND BALANCES

As of December 31, 2014, fund balances were classified as follows:

	General	Capital Projects	Community Development	Total
<u>Nonspendable:</u>				
Prepays	\$ 5,683	\$ -	\$ -	\$ 5,683
<u>Restricted:</u>				
Capital projects	396,657	-	-	396,657
Public safety	49,193	-	-	49,153
Community development	-	-	3,124,752	3,124,752
<u>Assigned</u>				
Capital projects	-	347,519	-	347,519
<u>Unassigned:</u>				
General fund	1,211,959	-	-	1,211,959
Total	<u>\$ 1,663,492</u>	<u>\$ 347,519</u>	<u>\$ 3,124,752</u>	<u>\$ 5,135,763</u>

NOTE 4 - SUBSEQUENT EVENT

On March 4, 2015, the City authorized and issued bond anticipation notes in the amount of \$6,714,000 for various improvements related to Lakefront Improvement Project, various City streets, water and sewer lines and stand by generator for City Hall.

CITY OF GENEVA, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
4/1/2014	\$ -	\$20,548,319	\$20,548,319	0.00%	\$7,471,985	275.00%
4/1/2012	\$ -	\$18,791,100	\$18,791,100	0.00%	\$5,508,607	314.12%
4/1/2009	\$ -	19,198,213	\$19,198,213	0.00%	6,529,816	294.01%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contributions	Percentage Contributed
December 31, 2012	\$ 1,263,916	\$ 789,060	62.43%
December 31, 2013	1,263,916	817,346	64.67%
December 31, 2014	1,263,916	978,415	77.41%

CITY OF GENEVA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Real property taxes	\$ 6,817,569	\$ 6,817,569	\$ 6,522,741	\$ (294,828)
Real property tax items	675,000	675,000	946,539	271,539
Non-property tax items	3,855,000	3,855,000	3,634,291	(220,709)
Departmental income	731,000	731,000	511,709	(219,291)
Intergovernmental charges	185,000	185,000	158,971	(26,029)
Use of money and property	45,000	45,000	20,321	(24,679)
Licenses and permits	126,000	126,000	78,033	(47,967)
Fines and forfeitures	248,000	248,000	237,166	(10,834)
Sale of property and compensation for loss	-	-	55,013	55,013
Miscellaneous local sources	377,500	377,500	188,016	(189,484)
State sources	2,196,613	2,196,613	2,768,037	571,424
Total revenues	<u>15,256,682</u>	<u>15,256,682</u>	<u>15,120,837</u>	<u>(135,845)</u>
EXPENDITURES:				
General government	1,661,451	1,661,451	1,788,276	(126,825)
Public safety	5,363,760	5,363,760	5,481,946	(118,186)
Transportation	1,369,617	1,369,617	1,424,327	(54,710)
Economic assistance and opportunity	162,500	162,500	165,778	(3,278)
Culture and recreation	1,104,459	1,104,459	1,148,875	(44,416)
Home and community services	442,083	442,083	555,360	(113,277)
Employee benefits	4,219,219	4,219,219	3,945,211	274,008
Debt service:				
Principal	1,478,577	1,478,577	1,459,150	19,427
Interest	233,152	233,152	388,836	(155,684)
Total expenditures	<u>16,034,818</u>	<u>16,034,818</u>	<u>16,357,759</u>	<u>(322,941)</u>
Excess (deficit) of revenue over expenditures	(778,136)	(778,136)	(1,236,922)	(458,786)
OTHER FINANCING SOURCES:				
Interfund transfers in	468,500	468,500	1,998,568	1,530,068
Appropriated fund balance	-	-	-	-
Total other financing sources	<u>468,500</u>	<u>468,500</u>	<u>1,998,568</u>	<u>1,530,068</u>
Net change in fund balance	(309,636)	(309,636)	761,646	1,071,282
Fund balance - beginning	-	-	901,846	901,846
Fund balance - ending	<u>\$ (309,636)</u>	<u>\$ (309,636)</u>	<u>\$ 1,663,492</u>	<u>\$ 1,973,128</u>