

**AUDITED
BASIC FINANCIAL STATEMENTS**

CITY OF GENEVA, NEW YORK

DECEMBER 31, 2013

CITY OF GENEVA, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of City Council
City of Geneva, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, New York (the City), as of and for the year ended December 31, 2013, 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 entity'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, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for retiree health plan and budgetary comparison schedule on pages 1-20, A30 and A31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Freed Maxick CPAs, P.C.

Batavia, New York
July 30, 2014

Management's Discussion and Analysis

City of Geneva, New York

Fiscal Year ended December 31, 2013

This section of City of Geneva, New York's (the City) annual financial report presents its discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2013. Please read it in conjunction with the City's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of City of Geneva, New York's Annual Financial Report

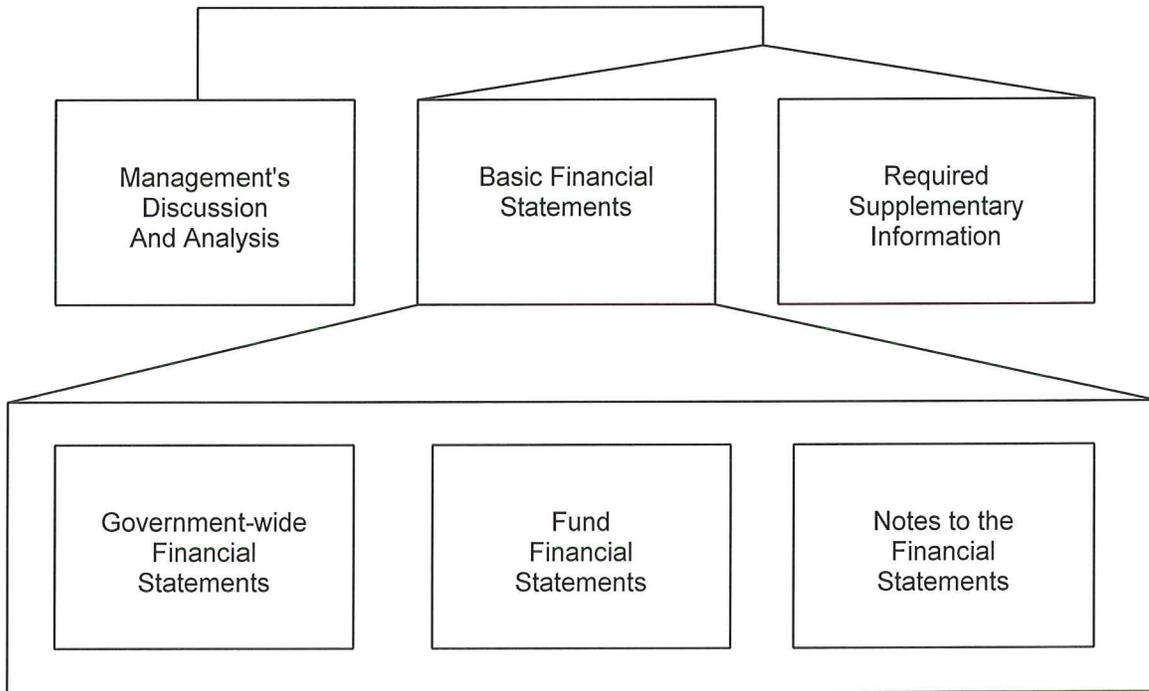


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

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

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

- **Governmental Funds:** Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided with the governmental funds statements explains the relationship (or differences) between them.

- Proprietary Funds: These funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Geneva has two enterprise funds. The City's enterprise funds are the water and sewer funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.
- Fiduciary Funds: The City is the trustee, or fiduciary, for assets that belong to others, such as deposits. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

The core of the City's financial position lies in the value of real property. Prior to 2013, the City's most recent real property valuation effort occurred in 2007. The ensuing nationwide real estate value slide gave City leadership cause for concern. Real property sales were monitored closely and strategic economic development efforts were targeted at maintaining and growing the City's real property value base. In 2013, statutory pressures and best practices prompted a revaluation of the City's real property inventory. The City Assessor's analysis found that the City had not only weathered the storm, but actually emerged stronger over the period. The valuation effort yielded a 2% increase in real property values across the City, which drove an increase in collectible property taxes, without necessitating an increase in the real property tax rate.

Additionally, the City has prompted growth in its base over the course of the last twenty years through employment of economic development incentives, fostering growth in the commercial and industrial sectors in the City. In 2013, a key Payment in Lieu of Tax (PILOT) agreement expired for the Wegman's Corporation, which resulted in a doubling in taxable value of one of the largest commercially assessed properties in the City. This single transaction resulted in the addition of \$3.5 million in taxable value to the City's real property rolls—equating to a 1% increase in the City's taxable base. Several additional PILOT agreements are set to either expire or quickly ramp up in the near term, which will result in steady increases to the City's taxable base.

Economic development efforts are also bearing fruit in the City's central business district. In 2008, a survey by the City's economic development partner, the Geneva Business Improvement District, found a first floor vacancy rate of over 50% in the downtown commercial district. In 2013, the District's leadership reported that occupancy has topped 80%. Between 2012 and 2013 a net increase of 24 businesses located in the downtown district. Additionally, the district is bustling with the development of high quality, upper story residential units. All of these developments will drive value, resulting in enhanced opportunities for the City to capitalize on new property and sales tax revenues.

A primary objective of the Geneva City Council has been to mitigate the impact of non-taxable properties in the City. As of 2013, nearly 60% of the City's property is owned by non-taxable entities. While non-property tax revenues are driven by payroll and other economic investment by large agencies such as Finger Lakes Health, the region's primary health care institution, and Hobart and William Smith Colleges, the significant land holdings of these and other institutions hinder the City's ability to capitalize on development opportunities on these properties. To that end, in 2012, the City negotiated an agreement with these entities for a payment to support service delivery. The ten-year agreement will result in over \$2 million dollars in payments to the City. The second annual payment was received in 2013. The City continues to seek out opportunities to collect direct operating revenue from non-taxable property owners.

The Finger Lakes region in general and the City of Geneva along with it continue to be a hub for tourism in upstate New York. In 2007 the City instituted a tax on hotel rooms for properties with over three rooms. This revenue has proven to be a workhorse for the City, growing significantly in spite of slowdowns in other areas of spending.

A less positive element of the City's revenue picture is the lagging nature of sales tax recovery. In 2006 the City renegotiated a sales tax sharing agreement with Ontario County which bolstered the collection activity of this key revenue which accounts for the second largest revenue source behind property taxes for government operating support. In 2008 the region experienced a significant decline in economic activity contributing to sales tax collections, in line with nationwide economic woes. While small increases have been experienced in each year since 2008, this revenue has not returned to pre-recession levels. This, along with flat collections of revenues from New York State has dampened the total revenue picture.

On the expense side, the City has taken great care to monitor and act on threats in the largest areas of operations.

In 2011, the City invested in significant improvements to buildings, plants, and other facilities to ensure that energy consumption is managed appropriately. For the 2013 operating year, the City is beginning to see payoff on these investments. An energy performance contract was utilized to affect the necessary improvements, and cost savings in the area of electricity and natural gas are offsetting the debt costs associated with the project.

Also in 2011, the City embarked on an effort to mitigate the explosive nature of health care cost increases for employees and retirees. Prior to 2011, the City was routinely seeing cost increases in this area of 15% to 20% annually. On that trajectory, the City would have seen exponential increases in these costs over the span of an employee's career. The City has partnered with the Finger Lakes Municipal Health Insurance Trust to engage the buying power of a dozen municipalities with a combined user base of over 3,000 to enhance our negotiating position with health care insurance providers. As a result, in 2013 the City saw single digit increases in health care costs.

In 2013, the City Council took a more active hand in the financial matters of the municipality. Facing tremendous increases in costs and lagging revenues, Council directed management to develop a series of financial policies aimed at stabilizing and improving the City's financial position. As a result of these efforts, Council adopted financial policies including operating budget, revenue and expenditure, fund balance, capital improvement, and debt policies. These have provided management with a clear picture of Council's expectations relative to financial matters of the City.

The largest expenditure category for any large organization is in manpower. This area accounts for nearly 70% of the City's cost base. The City of Geneva workforce is organized into six collective bargaining units and a group of unrepresented managers. In addition to the cost containment package included in the revenue and expenditure policy, City Council also directed management to cap any negotiated bargaining agreement at 3% of total compensation growth. Staff negotiated three collective bargaining agreements in 2013, and each of these was ratified within the bounds of Council's directive.

The data provided in the attached financial statements cannot be ignored. Operating year 2013 produced another year of deficits and a diminished cash position. That said, the measures employed by City Council and executed by staff have put the City on course to recover from the financial strain of previous years.

Condensed Statement of Net Position
(in thousands of dollars)

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2013	2012		2013	2012	
Current and other assets	\$ 11,977	\$ 13,753	-12.91%	\$ 9,267	\$ 14,491	-36.05%
Capital assets, net	32,447	31,391	3.36%	44,615	40,992	8.84%
Total assets	<u>\$ 44,424</u>	<u>\$ 45,144</u>	<u>-1.59%</u>	<u>\$ 53,882</u>	<u>\$ 55,483</u>	<u>-2.89%</u>
Long-term liabilities	\$ 12,144	\$ 12,747	-4.73%	\$ 21,829	\$ 12,199	78.94%
Other liabilities	6,794	8,974	-24.29%	12,166	23,006	-47.12%
Total liabilities	<u>18,938</u>	<u>21,721</u>	<u>-12.81%</u>	<u>33,995</u>	<u>35,205</u>	<u>-3.44%</u>
Unavailable revenue-revolving loans	1,999	-	100.00%	-	-	0.00%
Total deferred inflows of resources	<u>1,999</u>	<u>-</u>	<u>100.00%</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Net investment in capital assets	21,401	20,007	6.97%	14,972	13,914	7.60%
Restricted for:						
Capital projects	397	849	-53.24%	141	142	-0.70%
Unrestricted	1,689	2,567	34.20%	4,774	6,222	-23.27%
Total net position	<u>23,487</u>	<u>23,423</u>	<u>0.27%</u>	<u>19,887</u>	<u>20,278</u>	<u>-1.93%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 44,424</u>	<u>\$ 45,144</u>	<u>-1.59%</u>	<u>\$ 53,882</u>	<u>\$ 55,483</u>	<u>-2.89%</u>

Governmental Activities

Governmental activities increased the City's net position by \$64,000.

Business-Type Activities

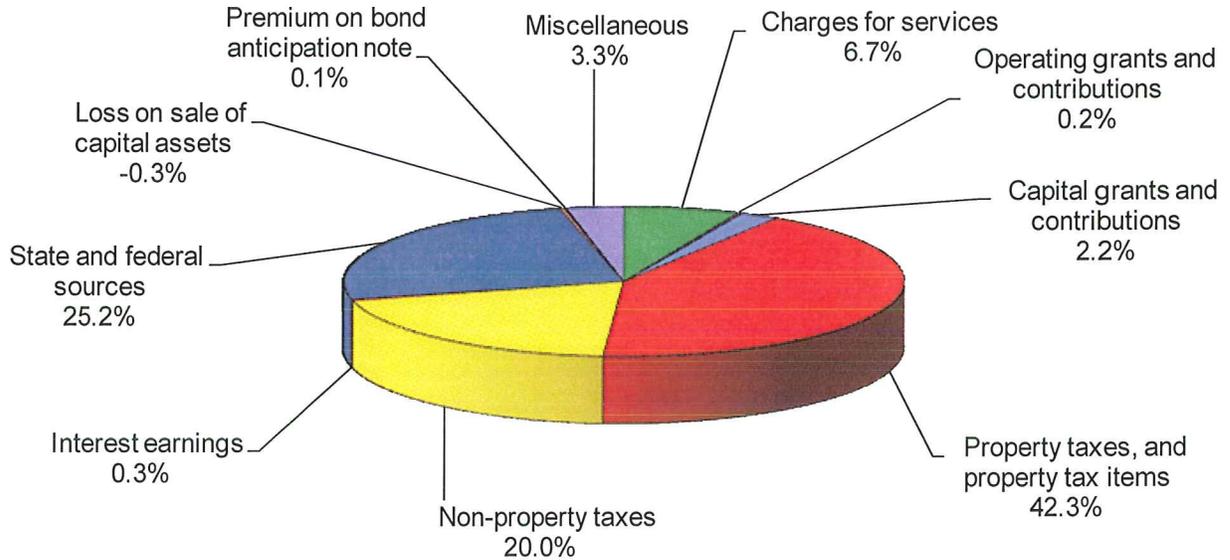
Business-type activities decreased the City's net position by \$391,000. Key elements of this decrease are as follows:

- Water rents decreased over the prior year by \$214,143 and Sewer rents decreased over the prior year by \$87,282, respectively. Water and Sewer revenue in total has decreased due to an rate increase in the prior year resulting in a consumer decrease in water usage. This is reflected in the sewer revenues portion as well because sewer revenues are based on water consumption.
- Transfers to support the City's operating fund increased by \$159,000 from the prior year.

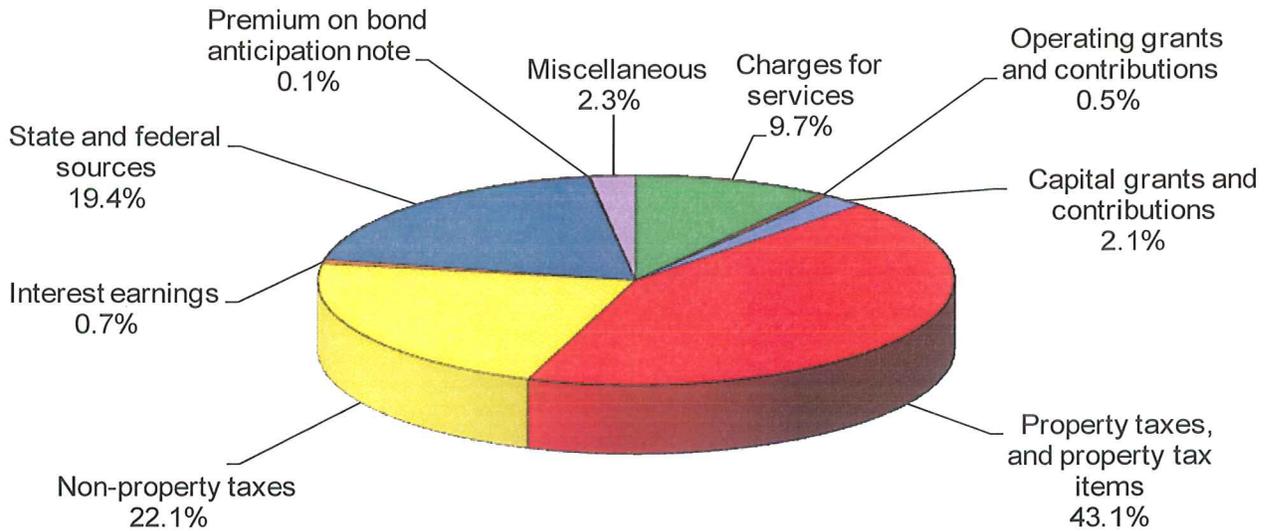
Changes in Net Position from Operating Results
(in thousands of dollars)

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2013	2012		2013	2012	
Program Revenues:						
Charges for services	\$ 1,184	\$ 1,535	-22.87%	\$ 6,684	\$ 6,861	-2.58%
Operating grants and contributions	42	81	-48.15%	-	-	0.00%
Capital grants and contributions	391	330	18.48%	-	-	0.00%
General Revenues:						
Property taxes, and property tax items	7,493	6,807	10.08%	-	-	0.00%
Non-property taxes	3,517	3,494	0.66%	-	-	0.00%
Interest earnings	59	101	-41.58%	8	29	-72.41%
State and federal sources	4,470	3,053	46.41%	-	-	0.00%
Loss on sale of capital assets	(47)	-	-100.00%	-	-	0.00%
Premium on bond anticipation note	17	14	21.43%	101	56	80.36%
Miscellaneous	591	364	62.36%	12	59	-79.66%
Total revenues	<u>17,717</u>	<u>15,779</u>	<u>12.28%</u>	<u>6,805</u>	<u>7,005</u>	<u>-2.86%</u>
Program Expenses:						
General government	2,557	2,414	5.92%	-	-	0.00%
Public safety	9,148	7,823	16.94%	-	-	0.00%
Transportation	2,743	3,075	-10.80%	-	-	0.00%
Economic assistance	193	521	-62.96%	-	-	0.00%
Culture and recreation	1,855	1,945	-4.63%	-	-	0.00%
Home and community service	1,184	1,624	-27.09%	6,737	5,812	15.92%
Interest on debt	432	428	0.93%	-	-	0.00%
Total expenses	<u>18,112</u>	<u>17,830</u>	<u>1.58%</u>	<u>6,737</u>	<u>5,812</u>	<u>15.92%</u>
Increase (decrease) in net position before transfers	(395)	(2,051)	-80.74%	68	1,193	-94.30%
Transfers	<u>459</u>	<u>300</u>	<u>-53.00%</u>	<u>(459)</u>	<u>(300)</u>	<u>53.00%</u>
Increase (decrease) in net position	64	(1,751)	-103.66%	(391)	893	-143.78%
Net position-beginning	<u>23,423</u>	<u>25,174</u>	<u>-6.96%</u>	<u>20,278</u>	<u>19,385</u>	<u>4.61%</u>
Net position-end	<u>\$ 23,487</u>	<u>\$ 23,423</u>	<u>0.27%</u>	<u>\$ 19,887</u>	<u>\$ 20,278</u>	<u>-1.93%</u>

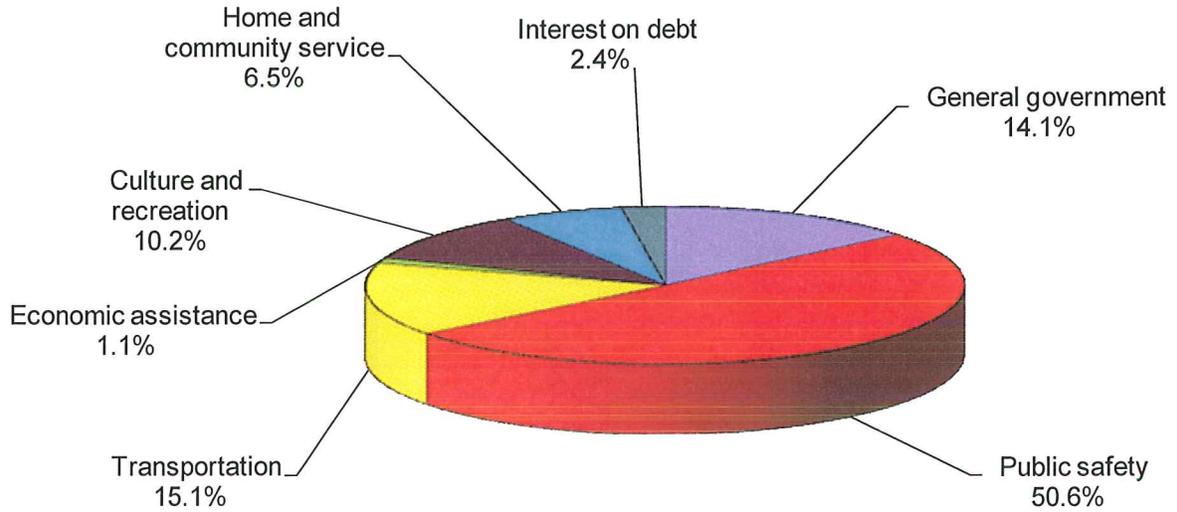
**Revenues for Governmental Activities
Fiscal Year 2013**



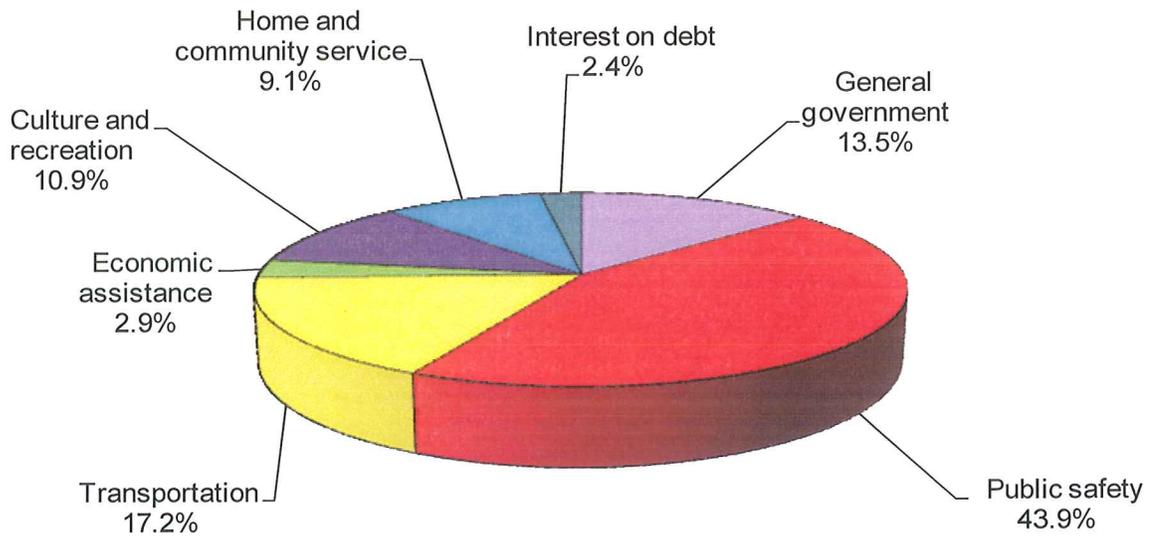
**Revenues for Governmental Activities
Fiscal Year 2012**



**Expenses for Governmental Activities
Fiscal Year 2013**



**Expenses for Governmental Activities
Fiscal Year 2012**



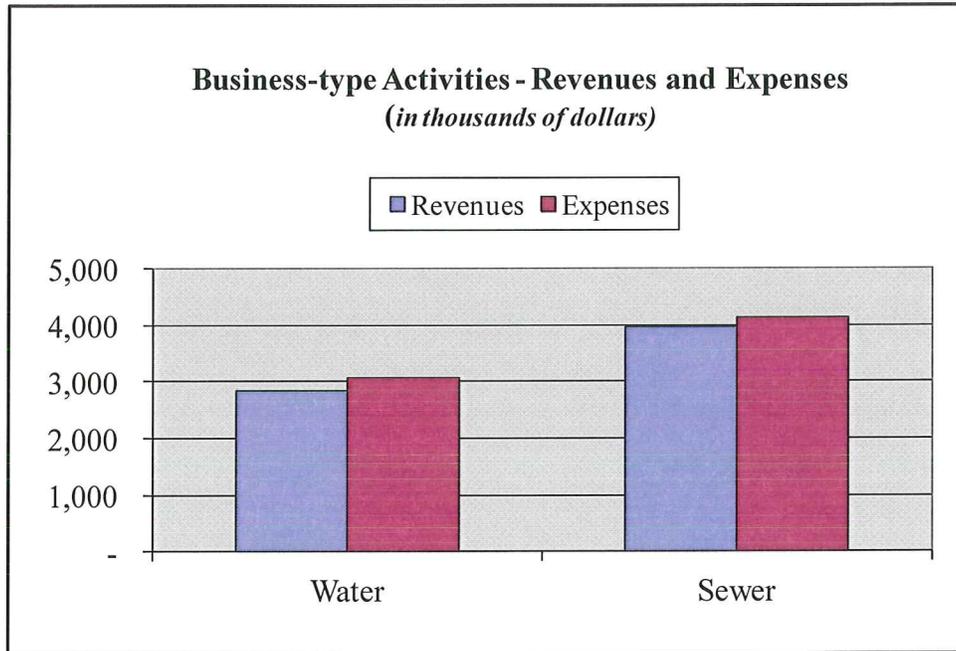
Governmental Activities

The following table presents the cost of seven major City activities: general government, public safety, transportation, economic assistance, culture and recreation, home and community service, and interest on debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the City's taxpayers by each of these functions.

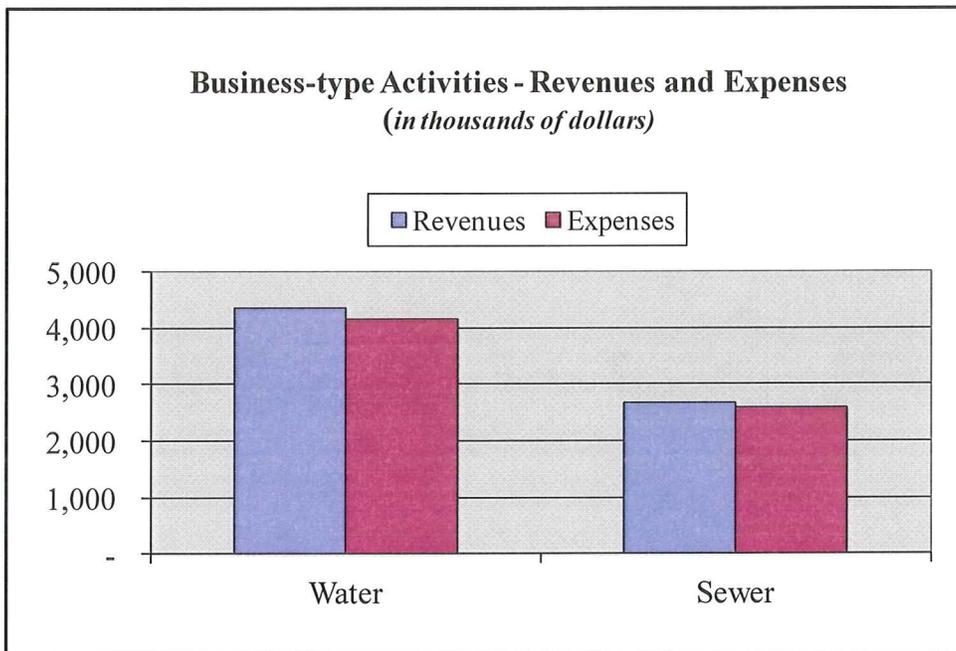
Net Cost of Governmental Activities <i>(in thousands of dollars)</i>						
	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2013	2012		2013	2012	
General government	\$ 2,557	\$ 2,414	5.92%	\$ 2,316	\$ 1,873	23.65%
Public safety	9,148	7,823	16.94%	8,619	7,427	16.05%
Transportation	2,743	3,075	-10.80%	2,338	2,695	-13.25%
Economic assistance	193	521	-62.96%	147	430	-65.81%
Culture & recreation	1,855	1,945	-4.63%	1,629	1,680	-3.04%
Home & community service	1,184	1,624	-27.09%	1,013	1,351	-25.02%
Interest on debt	432	428	0.93%	432	428	0.93%
Total	<u>\$ 18,112</u>	<u>\$ 17,830</u>	<u>1.58%</u>	<u>\$ 16,494</u>	<u>\$ 15,884</u>	<u>3.84%</u>

Business-Type Activities

2013



2012



Financial Analysis of the City's Funds

The fiscal year ending December 31, 2013 concluded with positive fund balance/net positions in the City's general, water and sewer funds.

The General Fund

The general fund's assets decreased in fiscal year ending December 31, 2013. This decrease is shown mainly in cash which decreased \$1,064,754 over the prior year, the majority of this decrease is a result of a reduction of the cash position.

Revenues for the general fund increased compared to prior year due to the receipt of State Aid for the Lakefront capital project. Revenues without the inclusion of this State Aid actually decreased from the prior year by approximately \$435,000. Revenues in the current year without the inclusion of the State Aid for the Lakefront project were less than the adopted 2013 budget by approximately \$666,000. The most significant of the revenue shortfall was experienced in Sales Tax (\$201,000), Utility Taxes (\$69,000), NFP agreements/HWS (\$79,000), Tourism Fund appropriation (\$150,000), Occupancy Tax (\$37,000), PILOTS, Franchise Tax, Recreation fees and charges (\$79,000) and Interest Income (\$48,000).

Expenditures for the general fund increased compared to the prior year and this increase related to expenditures for the Lakefront capital project. Expenditures without the inclusion of these Lakefront capital expenditures did increase from the prior year by approximately \$125,000. Expenditures in the current year without the inclusion of the Lakefront capital projects exceeded the adopted 2013 budget by approximately \$380,000. Health insurance and retirement costs and interest on debt service were the contributing factors to the excess of expenditures over budget.

Water Fund

The water fund, including depreciation, had a negative change in net position of \$223,000, compared to last year's positive change of \$365,000. A lack of water consumption was reflected in the total amount billed out last year for water service. That decrease of \$214,143 is where a majority of the year-to-year difference in net position comes from.

Sewer Fund

The sewer fund, including depreciation, has experienced a negative change in net position as well, totaling \$168,000, compared to last year's positive change of \$528,000. Again, a large part of this change from year-to-year resulted from a decrease in water consumption which is used to calculate sewer sales.

Capital Projects Fund

The City has a continuation of governmental projects accounted for the capital projects fund.

Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position - Governmental Funds and Business-Type Activities (in thousands of dollars)			
	2013		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Assets</u>
General Fund	\$ 17,250	\$ 18,333	\$ 901
Capital Fund	620	915	(2,337)
Community Development Fund	450	791	4,018
Water Fund	2,839	3,062	9,476
Sewer Fund	3,965	4,133	10,411
	2012		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Assets</u>
General Fund	\$ 15,579	\$ 16,104	\$ 1,984
Capital Fund	3,481	4,079	(2,042)
Community Development Fund	676	1,118	4,359
Water Fund	3,032	2,667	9,699
Sewer Fund	3,973	3,445	10,579

Revenues and Expenditures include other financing sources or uses.

General Fund Budgetary Highlights

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

As previously mentioned, the City continues to take a conservative approach when preparing the budget. Revenues that the City does not receive on a consistent basis are not included in future budgets. The City is making a concerted effort to fund reserves more aggressively. These methods have enabled the City to move towards a healthier financial position. While some one-time revenues have assisted with financial recovery, sustained growth in larger reoccurring revenues remain doubtful. These include sales tax and gross utilities receipts tax, which have not seen much of an increase the past few years. Occupancy tax will increase in the near future with the addition of a new hotel. This will help bring in more revenue that we can expect each year moving forward.

In addition to conservative revenue budgeting and the utilization of one-time revenues to fund capital acquisitions, the City continued the practice of conservative spending and strict expense monitoring.

While the City has experienced several unexpected one-time revenues, these one-time revenues are short lived and will not continue in future years. Furthermore, depending on the severity of change, revenue declines and expenditure increases, such as healthcare, social security and New York State retirement costs, the City may experience challenges in building the financial resources necessary to gain better financial footing. With the New York State Property Tax Cap, the inability to increase property taxes may further limit our ability to maintain services to residents at current levels.

Capital Asset and Debt Administration

Capital Assets

Standard & Poor's Rating Services recently raised the City's bond rating from A+ to AA- with a Stable outlook due to very strong liquidity and a strong economy within the City. Despite an elevated debt burden, the City's debt is manageable due to low, fixed rates as well as old debt being paid off as new debt is being issued.

Capital projects effecting the lakefront took place starting in 2013 including the Lakefront Improvement Project which will consist of several phases over the course of the next few years. These projects will be funded by a combination of bonds and grants in the City's general fund. Several capital projects will effect the water and sewer funds as well including a sewer lining project, repairs to the wastewater treatment plant and water main replacements.

Capital Assets Net of Depreciation <i>(in thousands of dollars)</i>				
	Governmental Activities		Business -Type Activities	
	2013	2012	2013	2012
Land	\$ 760	\$ 760	\$ 351	\$ 351
Construction work in progress	2,677	301	6,173	1,483
Land improvements	34	36	-	-
Buildings	3,207	3,938	2,282	2,605
Machinery & equipment	2,448	2,297	85	195
Infrastructure	23,321	24,059	35,724	36,358
Total	<u>\$ 32,447</u>	<u>\$ 31,391</u>	<u>\$ 44,615</u>	<u>\$ 40,992</u>

Long-Term Obligations

For the year ending December 31, 2013, the City's constitutional debt limit was \$24,946,441. Outstanding bonds and bond anticipation notes totaled \$40,276,794. Of this total, \$14,102,500 is debt chargeable against the debt limit.

Outstanding Long-Term Obligations <i>(in thousands of dollars)</i>				
	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
General obligation debt backed by the City	\$ 5,531	\$ 6,474	\$ 20,668	\$ 22,010
Unamortized premium	9	11	13	16
Installment purchase debt	2,948	3,087	443	468
Loan payable	326	426	-	-
Compensated absences	360	348	39	39
Other post employment benefits	2,755	2,401	561	473
Employee retirement system	215	-	105	-
Total	<u>\$ 12,144</u>	<u>\$ 12,747</u>	<u>\$ 21,829</u>	<u>\$ 23,006</u>

Factors Bearing on the City's Future

Economic Development

The City maintains an aggressive posture relative to business recruitment, retention, and expansion. The following specific endeavors are underway and expected to yield results in the coming years:

- Exchange South Development: In 2013 the City announced an exciting endeavor to develop over ten acres of lake view property adjacent to downtown. The City seeks to attract mixed-use development, including general and student residential, retail, services, restaurants, and hotel. The recent announcement by Hobart and William Smith Colleges to add an NCAA sanctioned varsity women's hockey program in the district has generated excitement about development opportunities. The City is currently in negotiations with multiple prospective tenants for development.
- Hobart and William Smith Growth: While not directly subject to direct taxes in most cases, the continued growth of students and employees at the Colleges will yield very positive economic results for the City. In 2013 the Colleges relocated 75 employees to an underutilized, privately-owned downtown building. This resulted in increased economic activity in the central business district and enhanced the value of a taxable property. The City continues to discuss taxable expansion opportunities for the Colleges.
- Corridor Development: In 2012 the City welcomed a new developer to the Routes 5 and 20 corridors. The developer invested heavily in the City's key shopping center, retained anchor tenants, and added a large retail tenant. In 2013 the developer received approval to develop a new hotel and retail complex at the site. Construction is anticipated in the very near term.
- Lakefront Enhancements: In 2013 the City commenced construction of the Geneva Visitor and Events Center. The Center features a 21st Century hub for visitors to the region with digital mapping, a concierge service, and visitor services. Additionally, a 5,000 square foot events center, operated through a public-private partnership, will generate direct revenues to the City in the form of performance-based rents and indirect revenues associated with increased visitation to the City. The City also commenced design for Phase 1 of 5 of a complete redevelopment of our sixty-acre lakefront park. The initial phase of the project includes an array of docks and other amenities designed to enhance the visitor experience.
- Industrial Expansion: In 2013 Zotos International, the City's largest industrial employer announced several major initiatives which will add over 100 employees to the company's already significant payroll. In addition, the City announced the location of a Canadian soft drink manufacturer CDC's first U.S. bottling plant in a long-dormant manufacturing facility. The City continues to experience heavy interest in parcels in our publicly-owned industrial park.

Operations

The City continues to evaluate and refine our operations to ensure an efficient and productive organization. The following efforts are expected to generate positive economic results in the coming years:

- Financial Policies: In addition to the Council-adopted financial policies mentioned in a previous section, City management has instituted internal policies to drive efficiencies. An example is the recently-updated purchasing policy, which gives department heads increased flexibility with enhanced accountability and an audit function to ensure policy elements are executed appropriately.
- Bond Rating: Moody's has enhanced the City's bond rating to AA- as a result of prudent financial management and positive economic activity in the City. This will result in reduced costs associated with capital investment.
- Capital Investment: The City has engaged in an aggressive investment campaign on our physical plant. Major reconstruction and pavement management efforts are underway on our transportation network, significant upgrades and modernization efforts are underway at our wastewater treatment facility, and development of new recreational amenities is planned for the next several years.
- Organized Labor: The City completed three union negotiations in 2013; each for three-year contracts. In the coming years, two unions per year will negotiate with the City. This offers the opportunity for continued cost-containment.

Intergovernmental Activity

The City maintains relationships with multiple extra-governmental agencies from the federal, state, and local levels. These interactions can impact our financial picture.

- Grant Activity: The City continues to experience incredible success at obtaining grant dollars from governmental agencies. In 2013 the City was awarded nearly \$3 million in grant funds to support capital projects and business expansion efforts. The City will continue to aggressively pursue these funds.
- Wastewater Partnership: In 2013 the City completed negotiations with the Town of Geneva to solidify our wastewater operations partnership. Under this agreement, the Town of Geneva shares the cost of treating wastewater according to their approximated usage. This agreement will create a predictable revenue source for the Sewer Fund.
- Property Tax Legislation: The state continues to pursue legislation aimed at restricting a municipality's ability to raise funds through taxation on real property. The current tax cap legislation has been augmented with a "Tax Freeze" statute which incentivizes governments to reduce property taxes. This will create political pressure to avoid tax increases.
- Mandate Relief: Short of ramped-up political rhetoric, the state has been unwilling to affect real mandate relief. This has the effect of increasing costs to local government for "mandated services," which shorts locally engineered programs.

Contacting the City's Financial Management

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

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,574,988	\$ 4,538,476	\$ 7,113,464
Cash and cash equivalents - restricted	-	3,000,572	3,000,572
Certificates of deposit	1,142,590	-	1,142,590
Receivables (net of allowance for uncollectible receivables)			
Accounts receivable	326,781	1,570,898	1,897,679
Taxes receivable	806,843	-	806,843
Loans receivable	5,764,039	-	5,764,039
State and federal receivables	959,452	-	959,452
Due from other governments	303,788	152,512	456,300
Due from fiduciary fund	98,289	4,590	102,879
Capital assets not being depreciated	3,437,282	6,523,495	9,960,777
Capital assets, net of accumulated depreciation	29,010,076	38,091,419	67,101,495
Total assets	44,424,128	53,881,962	98,306,090
LIABILITIES:			
Accounts payable	278,526	469,999	748,525
Accrued liabilities	14,124	3,193	17,317
Accrued interest payable	64,011	172,629	236,640
Due to other governments	2,085,000	-	2,085,000
Unearned revenue	1,793,195	-	1,793,195
Other liabilities	800	-	800
Bond anticipation notes payable	2,558,000	11,520,000	14,078,000
Long-term liabilities:			
Due and payable within one year	1,253,084	1,354,735	2,607,819
Due and payable after one year	10,891,670	20,474,114	31,365,784
Total liabilities	18,938,410	33,994,670	52,933,080
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - revolving loans	1,998,880	-	1,998,880
Total deferred inflows of resources	1,998,880	-	1,998,880
NET POSITION:			
Net investment in capital assets	21,401,337	14,971,688	36,373,025
Restricted for capital projects	396,606	141,666	538,272
Unrestricted	1,688,895	4,773,938	6,462,833
Total net position	\$ 23,486,838	\$ 19,887,292	\$ 43,374,130

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	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	\$ 2,557,658	\$ 241,987	\$ -	\$ -	(2,315,671)	\$ -	(2,315,671)
Public safety	9,147,577	528,253	-	-	(8,619,324)	-	(8,619,324)
Transportation	2,742,694	13,687	-	390,689	(2,338,318)	-	(2,338,318)
Economic assistance and opportunity	193,480	46,232	-	-	(147,248)	-	(147,248)
Culture and recreation	1,854,756	222,335	3,670	-	(1,628,751)	-	(1,628,751)
Home and community services	1,184,262	132,277	38,870	-	(1,013,115)	-	(1,013,115)
Interest on debt	432,207	-	-	-	(432,207)	-	(432,207)
Total governmental activities	18,112,634	1,184,771	42,540	390,689	(16,494,634)	-	(16,494,634)
Business-type activities:							
Sewer	3,949,787	3,895,320	-	-	(54,467)	(54,467)	(54,467)
Water	2,787,118	2,788,667	-	-	1,549	1,549	1,549
Total business-type activities	6,736,905	6,683,987	-	-	(52,918)	(52,918)	(52,918)
Total governmental and business-type activities	\$ 24,849,539	\$ 7,868,758	\$ 42,540	\$ 390,689	(16,494,634)	(52,918)	(16,547,552)
General revenues:							
Real property taxes and real property tax items					7,493,193	-	7,493,193
Non-property taxes					3,517,132	-	3,517,132
Interest earnings					58,718	7,526	66,244
State and federal aid not restricted for a specific purpose					4,470,200	-	4,470,200
Other miscellaneous revenues					591,095	11,714	602,809
Premium on bond anticipation notes					17,046	101,378	118,424
Loss on sale of capital assets					(47,247)	-	(47,247)
Transfers					458,500	(458,500)	-
Total general revenues and transfers					16,558,637	(337,882)	16,220,755
Change in net position					64,003	(390,800)	(326,797)
Net position - beginning					23,422,835	20,278,092	43,700,927
Net position - ending					\$ 23,486,838	\$ 19,887,292	\$ 43,374,130

See notes to basic financial statements.
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CITY OF GENEVA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Community Development	Capital Projects	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 998,900	\$ 1,400,321	\$ 175,767	\$ 2,574,988
Certificates of deposit	-	1,142,590	-	1,142,590
Receivables (net of allowance for uncollectible receivables)				
Accounts receivable	326,781	-	-	326,781
Taxes receivable	806,843	-	-	806,843
Loans receivable	-	5,764,039	-	5,764,039
State and federal receivables	909,861	-	49,591	959,452
Due from other funds	124,620	-	-	124,620
Due from other governments	303,788	-	-	303,788
	<u>\$ 3,470,793</u>	<u>\$ 8,306,950</u>	<u>\$ 225,358</u>	<u>\$ 12,003,101</u>
Total assets				
LIABILITIES:				
Accounts payable	\$ 69,285	\$ 204,557	\$ 4,684	\$ 278,526
Accrued liabilities	14,124	-	-	14,124
Bond anticipation notes payable	-	-	2,558,000	2,558,000
Due to other funds	26,331	-	-	26,331
Due to other governments	-	2,085,000	-	2,085,000
Unearned revenue	1,793,195	-	-	1,793,195
Other liabilities	800	-	-	800
Compensated absences	4,371	-	-	4,371
	<u>1,908,106</u>	<u>2,289,557</u>	<u>2,562,684</u>	<u>6,760,347</u>
Total liabilities				
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	660,841	-	-	660,841
Unavailable revenue - revolving loans	-	1,998,880	-	1,998,880
	<u>660,841</u>	<u>1,998,880</u>	<u>-</u>	<u>2,659,721</u>
Total deferred inflows of resources				
FUND BALANCES:				
Restricted	445,799	4,018,513	-	4,464,312
Assigned	291,327	-	-	291,327
Unassigned (deficit)	164,720	-	(2,337,326)	(2,172,606)
Total fund balances (deficit)	<u>901,846</u>	<u>4,018,513</u>	<u>(2,337,326)</u>	<u>2,583,033</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 3,470,793</u>	<u>\$ 8,306,950</u>	<u>\$ 225,358</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.	32,447,358
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.	(12,204,394)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	<u>660,841</u>
Net position	<u>\$ 23,486,838</u>

CITY OF GENEVA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Community Development	Capital Projects	Total Governmental Funds
REVENUES:				
Real property taxes	\$ 6,289,760	\$ -	\$ -	\$ 6,289,760
Real property tax items	1,055,014	-	-	1,055,014
Sales and other taxes	3,517,132	-	-	3,517,132
Departmental income	403,743	-	-	403,743
Intergovernmental charges	176,831	46,232	-	223,063
Use of money and property	22,122	51,256	-	73,378
Licenses and permits	94,327	-	-	94,327
Fines and forfeitures	273,358	-	-	273,358
Sale of property and compensation for loss	180,533	-	-	180,533
Miscellaneous local sources	432,262	151,907	2,013	586,182
State and federal sources	4,346,737	200,700	355,992	4,903,429
Premium on bond anticipation notes	-	-	17,046	17,046
Total revenues	<u>16,791,819</u>	<u>450,095</u>	<u>375,051</u>	<u>17,616,965</u>
EXPENDITURES:				
General government	1,729,232	-	171,816	1,901,048
Public safety	5,913,398	-	296,852	6,210,250
Transportation	1,577,485	-	322,029	1,899,514
Economic assistance and opportunity	161,914	28,905	-	190,819
Culture and recreation	1,175,354	-	124,770	1,300,124
Home and community services	2,693,020	761,643	-	3,454,663
Employee benefits	3,245,880	-	-	3,245,880
Debt service:				
Principal	1,426,635	-	-	1,426,635
Interest	409,689	-	-	409,689
Total expenditures	<u>18,332,607</u>	<u>790,548</u>	<u>915,467</u>	<u>20,038,622</u>
Deficit of revenues over expenditures	(1,540,788)	(340,453)	(540,416)	(2,421,657)
OTHER FINANCING SOURCES:				
Interfund transfers in	458,500	-	-	458,500
Proceeds from installment purchase debt	-	-	52,006	52,006
Bond anticipation notes redeemed from appropriation	-	-	192,620	192,620
Total other financing sources	<u>458,500</u>	<u>-</u>	<u>244,626</u>	<u>703,126</u>
Net change in fund balances	(1,082,288)	(340,453)	(295,790)	(1,718,531)
Fund balances (deficit) - beginning	<u>1,984,134</u>	<u>4,358,966</u>	<u>(2,041,536)</u>	<u>4,301,564</u>
Fund balances (deficit) - ending	<u>\$ 901,846</u>	<u>\$ 4,018,513</u>	<u>\$ (2,337,326)</u>	<u>\$ 2,583,033</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, 2013

Net change in fund balances - total governmental funds	\$ (1,718,531)
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 (\$3,210,021) excluding construction work in progress placed in service (\$197,123) exceeded depreciation (\$1,909,530) in the current period.	1,103,368
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.	(52,006)
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.	1,234,015
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.	1,989
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.	148,419
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(47,247)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.	1,043
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.	(12,195)
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.	(353,883)
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.	(215,419)
Costs associated with the issuance of bonds were previously recorded as an asset in the statement of net position and are an expense in the governmental funds in the year the bonds are issued. These costs are now expensed in the year of issuance.	(25,550)
Change in net position of governmental activities	\$ <u>64,003</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2013

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 2,368,950	\$ 2,169,526	\$ 4,538,476
Cash and cash equivalents - restricted	1,257,076	1,743,496	3,000,572
Accounts receivable	803,725	767,173	1,570,898
Due from other funds	2,093	5,773	7,866
Due from other governments	152,512	-	152,512
Capital assets not being depreciated	6,368,827	154,668	6,523,495
Capital assets, net of accumulated depreciation	24,473,140	13,618,279	38,091,419
Total assets	<u>\$ 35,426,323</u>	<u>\$ 18,458,915</u>	<u>\$ 53,885,238</u>
LIABILITIES AND NET POSITION:			
LIABILITIES:			
Accounts payable	\$ 459,185	\$ 10,814	\$ 469,999
Accrued liabilities	2,625	568	3,193
Due to other funds	3,276	-	3,276
Accrued interest payable	77,240	95,389	172,629
Bond anticipation notes payable	6,735,000	4,785,000	11,520,000
Long-term liabilities:			
Due and payable within one year	1,016,453	338,282	1,354,735
Due and payable after one year	16,721,345	3,752,769	20,474,114
Total liabilities	<u>25,015,124</u>	<u>8,982,822</u>	<u>33,997,946</u>
NET POSITION:			
Net investments in capital assets	8,022,610	6,949,078	14,971,688
Restricted for capital projects	49,205	92,461	141,666
Unrestricted	2,339,384	2,434,554	4,773,938
Total net position	<u>10,411,199</u>	<u>9,476,093</u>	<u>19,887,292</u>
Total liabilities and net position	<u>\$ 35,426,323</u>	<u>\$ 18,458,915</u>	<u>\$ 53,885,238</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, 2013

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,895,320	\$ 2,788,667	\$ 6,683,987
Other operating revenues	6,415	5,299	11,714
Total operating revenues	<u>3,901,735</u>	<u>2,793,966</u>	<u>6,695,701</u>
OPERATING EXPENSES:			
Salaries, wages and employee benefits	1,324,981	1,063,268	2,388,249
Contractual expense	1,214,749	911,382	2,126,131
Depreciation	1,117,861	606,430	1,724,291
Total operating expenses	<u>3,657,591</u>	<u>2,581,080</u>	<u>6,238,671</u>
Operating income	<u>244,144</u>	<u>212,886</u>	<u>457,030</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	4,206	3,320	7,526
Interest expense	(292,196)	(206,038)	(498,234)
Premium on bond anticipation notes	59,269	42,109	101,378
Transfers to other funds	(183,500)	(275,000)	(458,500)
Total non-operating expenses	<u>(412,221)</u>	<u>(435,609)</u>	<u>(847,830)</u>
Change in net position	(168,077)	(222,723)	(390,800)
Net position - beginning	<u>10,579,276</u>	<u>9,698,816</u>	<u>20,278,092</u>
Net position - ending	<u>\$ 10,411,199</u>	<u>\$ 9,476,093</u>	<u>\$ 19,887,292</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 3,907,892	\$ 2,790,575	\$ 6,698,467
Cash payments for contractual expenses	(867,328)	(935,411)	(1,802,739)
Cash payments to employees for services	(1,235,882)	(959,282)	(2,195,164)
Other operating revenues	6,415	5,299	11,714
Net cash provided by operating activities	1,811,097	901,181	2,712,278
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	(183,500)	(275,000)	(458,500)
Net cash used by noncapital financing activities	(183,500)	(275,000)	(458,500)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets	(5,017,988)	(329,499)	(5,347,487)
Principal payments on debt	(1,063,115)	(683,675)	(1,746,790)
Interest paid on debt	(273,364)	(206,680)	(480,044)
Premium on bond anticipation notes	59,269	42,109	101,378
Net cash used by capital and related financing activities	(6,295,198)	(1,177,745)	(7,472,943)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on cash and investments	4,206	3,320	7,526
Net cash provided by investing activities	4,206	3,320	7,526
Net decrease in cash and cash equivalents	(4,663,395)	(548,244)	(5,211,639)
Cash and cash equivalents - beginning	8,289,421	4,461,266	12,750,687
Cash and cash equivalents - ending	\$ 3,626,026	\$ 3,913,022	\$ 7,539,048
Reconciliation of income from operations			
to net cash provided by operating activities:			
Income from operations	\$ 244,144	\$ 212,886	\$ 457,030
Adjustments to reconcile income from operations to			
net cash provided by operating activities:			
Depreciation	1,117,861	606,430	1,724,291
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	12,572	1,908	14,480
Due from other funds	1	1	2
Due from other governments	(17,304)	-	(17,304)
Increase (decrease) in:			
Accounts payable	363,782	(24,444)	339,338
Accrued liabilities	942	414	1,356
Retirement system liability	60,401	44,088	104,489
Post employment benefits	28,698	59,898	88,596
Net cash provided by operating activities	\$ 1,811,097	\$ 901,181	\$ 2,712,278

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION- FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Private Purpose Trusts</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 297,915
Certificates of deposit - restricted	19,984	-
Due from other funds	-	25,645
	-	25,645
Total assets	\$ 19,984	\$ 323,560
 LIABILITIES AND NET POSITION:		
LIABILITIES:		
Agency liabilities	\$ -	\$ 195,036
Due to other funds	-	128,524
	-	128,524
Total liabilities	-	323,560
 NET POSITION:		
Reserved for cemetery operations	19,984	-
Total liabilities and net position	\$ 19,984	\$ 323,560

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, 2013

	<u>Private Purpose Trusts</u>
Net position - beginning	\$ <u>19,984</u>
Net position - ending	\$ <u><u>19,984</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, New York (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, except as otherwise noted. 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. FINANCIAL 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.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. The statements distinguish between governmental and business-type activities. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and 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 revenues include charges paid by the recipients of goods or services offered by the City, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND FINANCIAL STATEMENTS

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Major Governmental Funds

- a. 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.
- b. Community Development Fund - used to account for community development block grants and other federal grants not required to be accounted for in other funds.
- c. Capital Projects Fund - used to account for and report financial resources to be used in the acquisition, construction or renovation of major capital facilities or equipment.

Proprietary Funds

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

Fiduciary Fund Types

Fiduciary Fund Types include Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Funds and Agency 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.

Private Purpose Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within one-year after the end of the fiscal year, with the exception of property taxes, which the period of availability is sixty days.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and post-employment benefits, which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

In its accounting and financial reporting for proprietary funds, the City follows the pronouncements of the GASB, as well as applying the provisions of all relevant pronouncements of the Financial Accounting Standards Board, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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 for the proprietary funds are as follows: sale of water and treatment of wastewater for the Water and Sewer Funds. Operating expenses for the proprietary funds include the cost of sales and services, personnel services, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. 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 32.42% of its constitutional tax limit.

E. BUDGETARY DATA

1. BUDGET POLICIES - 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. 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.
2. BUDGET BASIS OF ACCOUNTING - 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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.

H. RECEIVABLES

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)

I. 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.

J. CAPITAL ASSETS

Government-wide financial statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to January 1, 1980, governmental funds' infrastructure assets were not capitalized. The City has elected to adopt the more liberal provisions of GASB Statement No. 34 which allows retroactive reporting of only major general infrastructure assets acquired, significantly reconstructed or that received significant improvements in fiscal years ending after December 31, 1979. Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2003.

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows as of December 31, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance 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 fund 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).

L. INSURANCE

The City has purchased a commercial insurance policy in the amount of \$5,000,000 against liability for most risk including, but not limited to, property damage and personal injury liability. The City assumes the liability for amounts in excess of the commercial coverage. 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.

M. 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, 2013, unearned revenue in the General Fund consisted of unearned state aid of \$1,793,195.

N. 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.

O. 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

P. 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.

Q. 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.

R. FUND EQUITY

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of the above two classifications and are deemed to be available for general use by the City.

Fund financial statements

In the fund statements there are potentially five classes of fund balances to be reported including nonspendable, restricted, committed, assigned and unassigned. These classes are explained further in Note 2., C.

S. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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)

T. NEW ACCOUNTING PRONOUCEMENTS

During the year ended December 31, 2013, the City completed the process of evaluating the impact that will result from adopting GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and 62*, effective for the year ending December 31, 2013. GASB Statements No. 61, 65, and 66 have been adopted, as applicable, for the year ended December 31, 2013, and prior expense of debt issuance costs were recorded with no material impact on the City's financial position or results from operations.

The GASB has issued the following new statements:

- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which will be effective for the year ending December 31, 2014; and
- 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.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for the year ending December 31, 2014;
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending December 31, 2014; and
- 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.

The City is currently reviewing these statements and plans on adoption, as required.

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS

A. ASSETS

1. 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. Permissible investments include demand accounts and certificates of deposit, 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, 2013.

Investment and Deposit Policy

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

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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

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 District 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.

2. LOANS RECEIVABLE

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, 2013 under both programs amounted to \$6,365,823, against which an allowance of \$601,784 for uncollectible loans has been recorded.

A deferred inflow of resources of \$1,998,880 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

3. RECEIVABLES

Major revenues accrued by the City at December 31, 2013, include the following:

<u>General Fund:</u>	
School Resource Officer	\$ 56,905
Franchise fees	80,627
Miscellaneous receivables	<u>189,249</u>
Total accounts receivable	\$ <u>326,781</u>
Taxes receivable current	\$ 264,884
Taxes receivable overdue	159,408
City School taxes receivable	297,851
Property acquired for taxes	180,666
Allowance for uncollectible taxes	<u>(95,966)</u>
Total taxes receivable	\$ <u>806,843</u>
Sales tax	\$ <u>303,788</u>
NYS receivable	\$ 797,407
Miscellaneous receivables	<u>112,454</u>
State and federal receivable	\$ <u>909,861</u>
<u>Community Development Fund:</u>	
Loans receivable	\$ 6,365,823
Allowance for receivables	<u>(601,784)</u>
Total loans receivable	\$ <u>5,764,039</u>
<u>Capital Projects:</u>	
NYS receivable	\$ <u>49,591</u>
<u>Water:</u>	
Water rents receivable	\$ 47,459
Unbilled receivables	719,655
Miscellaneous receivables	<u>59</u>
Total accounts receivable	\$ <u>767,173</u>
<u>Sewer:</u>	
Sewer rents receivable	\$ 46,025
Unbilled receivables	757,327
Miscellaneous receivables	<u>373</u>
Total accounts receivable	\$ <u>803,725</u>
Town of Waterloo	\$ <u>152,512</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

4. INTERFUND ACTIVITY

Interfund activities at December 31, 2013 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	\$ 458,500	\$ -
Sewer Fund	2,093	3,276	-	183,500
Water Fund	5,773	-	-	275,000
Agency Fund	<u>25,645</u>	<u>128,524</u>	-	-
Total	<u>\$ 158,131</u>	<u>\$ 158,131</u>	<u>\$ 458,500</u>	<u>\$ 458,500</u>

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

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Balance 01/01/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/13</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 760,010	\$ -	\$ -	\$ 760,010
Construction work in progress	<u>301,013</u>	<u>2,573,382</u>	<u>197,123</u>	<u>2,677,272</u>
Total capital assets, not being depreciated	<u>1,061,023</u>	<u>2,573,382</u>	<u>197,123</u>	<u>3,437,282</u>
Capital assets, being depreciated:				
Land improvements	46,448	-	-	46,448
Buildings	10,795,321	-	-	10,795,321
Vehicles & equipment	7,180,517	463,211	629,827	7,013,901
Infrastructure	<u>33,168,075</u>	<u>173,428</u>	<u>-</u>	<u>33,341,503</u>
Total capital assets, being depreciated	<u>51,190,361</u>	<u>636,639</u>	<u>629,827</u>	<u>51,197,173</u>
Less accumulated depreciation				
Land improvements	10,450	2,322	-	12,772
Buildings	6,857,295	731,500	-	7,588,795
Vehicles & equipment	4,883,687	264,458	582,580	4,565,565
Infrastructure	<u>9,108,715</u>	<u>911,250</u>	<u>-</u>	<u>10,019,965</u>
Total accumulated depreciation	<u>20,860,147</u>	<u>1,909,530</u>	<u>582,580</u>	<u>22,187,097</u>
Total capital assets, being depreciated, net	<u>30,330,214</u>	<u>(1,272,891)</u>	<u>47,247</u>	<u>29,010,076</u>
Governmental activities capital assets, net	<u>\$ 31,391,237</u>	<u>\$ 1,300,491</u>	<u>\$ 244,370</u>	<u>\$ 32,447,358</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

	Balance <u>01/01/13</u>	Additions	Disposals	Balance <u>12/31/13</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 350,547	\$ -	\$ -	\$ 350,547
Construction work in progress	<u>1,482,557</u>	<u>4,690,391</u>	<u>-</u>	<u>6,172,948</u>
Total capital assets, not being depreciated	<u>1,833,104</u>	<u>4,690,391</u>	<u>-</u>	<u>6,523,495</u>
Capital assets, being depreciated:				
Buildings	5,733,199	-	-	5,733,199
Vehicles & equipment	7,195,719	500,596	-	7,696,315
Infrastructure	<u>45,247,872</u>	<u>156,500</u>	<u>-</u>	<u>45,404,372</u>
Total capital assets, being depreciated	<u>58,176,790</u>	<u>657,096</u>	<u>-</u>	<u>58,833,886</u>
Less accumulated depreciation				
Buildings	3,128,486	322,620	-	3,451,106
Vehicles & equipment	7,000,088	611,572	-	7,611,660
Infrastructure	<u>8,889,602</u>	<u>790,099</u>	<u>-</u>	<u>9,679,701</u>
Total accumulated depreciation	<u>19,018,176</u>	<u>1,724,291</u>	<u>-</u>	<u>20,742,467</u>
Total capital assets being depreciated, net	<u>39,158,614</u>	<u>(1,067,195)</u>	<u>-</u>	<u>38,091,419</u>
Business-type activities capital assets, net	<u>\$ 40,991,718</u>	<u>\$ 3,623,196</u>	<u>\$ -</u>	<u>\$ 44,614,914</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 71,859
Public safety	504,285
Transportation	951,997
Economic assistance and opportunity	222
Culture and recreation	381,099
Home and community service	<u>68</u>
Total governmental activities depreciation expense	1,909,530
Business-type activities:	
Home and community service	<u>1,724,291</u>
Total depreciation expense	<u>\$ 3,633,821</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

B. LIABILITIES

1. PENSION PLANS

PLAN DESCRIPTIONS

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>
2013	\$ 873,124	\$1,228,631
2012	797,221	942,711
2011	623,050	788,251

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, 2013 and received an overall discount of \$11,057 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.

2. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

a. 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

b. 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.

c. 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.

d. 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, 2013:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ending</u> <u>12/31/13</u>
Normal Cost	\$ 425,007
Amortization of UAL	838,909
Interest	<u>-</u>
Annual Required Contribution	1,263,916
Interest on OPEB Obligation	114,954
Adjustment to Annual Required Contribution	<u>(119,045)</u>
OPEB Expense	1,259,825
Net OPEB contributions made during the fiscal year	<u>(817,346)</u>
Net OPEB obligation for the current fiscal year	442,479
Net OPEB obligation at beginning of year	<u>2,873,848</u>
Net OPEB obligation at end of year	<u>\$ 3,316,327</u>
 Percentage of expense contributed	 64.88%

e. 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 107 retirees was \$817,346 for the year ended December 31, 2013.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page A30, presents the funded status of the Plan.

f. 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 the point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The December 31, 2013 actuarial valuation, with a valuation date of January 1, 2013, 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.

3. SHORT-TERM DEBT

BOND ANTICIPATION NOTES - Notes in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as a long-term liability when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated, through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest expenditures for short-term debt are recognized on an accrual basis, when amounts become due and payable. Interest expense for short-term debt amounted to \$167,996 for the year ended December 31, 2013, and was recorded in the General, Water and Sewer Funds.

Transactions in short-term debt for the year are summarized below:

	Balance at 01/01/13	Issued	Redeemed	Balance at 12/31/13
<u>Governmental activities:</u>				
BAN maturing 02/16/14 at 1.5%	\$ 755,000	\$ -	\$ 75,000	\$ 680,000
BAN maturing 02/16/14 at 1.5%	605,000	-	55,000	550,000
BAN maturing 02/16/14 at 1.5%	477,620	-	62,620	415,000
BAN maturing 02/16/14 at 1.0%	-	8,000	-	8,000
BAN maturing 02/16/14 at 1.0%	-	45,000	-	45,000
BAN maturing 02/16/14 at 1.0%	-	150,000	-	150,000
BAN maturing 02/16/14 at 1.0%	-	700,000	-	700,000
BAN maturing 02/16/14 at 1.0%	-	10,000	-	10,000
Total governmental activities	<u>\$ 1,837,620</u>	<u>\$ 913,000</u>	<u>\$ 192,620</u>	<u>\$ 2,558,000</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

	Balance at <u>01/01/13</u>	<u>Issued</u>	<u>Redeemed</u>	Balance at <u>12/31/13</u>
<u>Business-type activities:</u>				
<u>Water</u>				
BAN maturing 02/06/14 at 1.5%	\$ 195,000	\$ -	\$ 10,000	\$ 185,000
BAN maturing 02/06/14 at 1.5%	445,000	-	15,000	430,000
BAN maturing 02/06/14 at 1.5%	<u>4,500,000</u>	<u>-</u>	<u>330,000</u>	<u>4,170,000</u>
Total Water	5,140,000	-	355,000	4,785,000
<u>Sewer</u>				
BAN maturing 02/06/14 at 1.25%	6,140,000	-	-	6,140,000
BAN maturing 02/06/14 at 1.5%	220,000	-	10,000	210,000
BAN maturing 02/06/14 at 1.5%	<u>400,000</u>	<u>-</u>	<u>15,000</u>	<u>385,000</u>
Total Sewer	<u>6,760,000</u>	<u>-</u>	<u>25,000</u>	<u>6,735,000</u>
Total business-type activities	<u>\$ 11,900,000</u>	<u>\$ -</u>	<u>\$ 380,000</u>	<u>\$ 11,520,000</u>

4. LONG-TERM LIABILITIES

- a. SERIAL BONDS - The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the City. The provision to be made in the 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. During the current year, the City recognized \$582,686 of expenditures for serial bonds interest.
- b. OTHER LONG-TERM LIABILITIES - In addition to the above long-term liabilities, the City had a non-current liability for compensated absences, (see Note 1., M.) which represents the value of the earned and unused portion of the liability for compensated absences, post employment benefits (Note 1., O.), installment purchase debt, employee retirement system (Note 2., B) and a HUD 108 Loan Payable, which are payments owed to the Department of Housing and Urban Development. During the current year, the City recognized \$190,760 of interest expenditures related to other liabilities.
- c. The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	Balance <u>01/01/13</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due Within <u>One Year</u>
<u>Governmental activities:</u>					
<u>General obligation debt:</u>					
Serial bonds	\$ 6,474,000	\$ -	\$ 943,500	\$ 5,530,500	\$ 887,250
Plus unamortized premium	10,936	-	1,989	8,947	1,988
<u>Other liabilities:</u>					
Compensated absences	348,139	24,390	12,195	360,334	36,033
Loan payable	426,000	-	100,000	326,000	100,000
Post-employment benefits	2,401,097	1,007,575	653,692	2,754,980	-
Installment purchase debt	3,087,083	52,006	190,515	2,948,574	209,594
Employee retirement system	<u>-</u>	<u>215,419</u>	<u>-</u>	<u>215,419</u>	<u>18,219</u>
Total government activities	<u>12,747,255</u>	<u>1,299,390</u>	<u>1,901,891</u>	<u>12,144,754</u>	<u>1,253,084</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

	Balance <u>01/01/13</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due Within <u>One Year</u>
Business-type activities:					
General obligation debt:					
Serial bonds	22,010,346	-	1,342,052	20,668,294	1,313,302
Plus unamortized premium	15,564	-	2,829	12,735	2,830
Other liabilities:					
Compensated absences	39,215	5,552	5,552	39,215	3,922
Post-employment benefits	472,751	252,250	163,654	561,347	-
Installment purchase debt	467,507	-	24,738	442,769	25,844
Employee retirement system	-	104,489	-	104,489	8,837
Total business-type activities	<u>23,005,383</u>	<u>362,291</u>	<u>1,538,825</u>	<u>21,828,849</u>	<u>1,354,735</u>
Total long-term liabilities	<u>\$ 35,752,638</u>	<u>\$ 1,661,681</u>	<u>\$ 3,440,716</u>	<u>\$ 33,973,603</u>	<u>\$ 2,607,819</u>

- d. LONG-TERM DEBT MATURITY SCHEDULE - The following is a summary of debt with corresponding maturity schedules:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Outstanding at 12/31/13</u>
Serial bonds payable	12/94	05/15/15	4.80%	\$ 195,000
Refunded serial bonds payable	10/11	05/15/18	2.00%-3.00%	770,000
Serial bonds payable	07/00	01/15/20	4.26%-5.74%	640,000
Serial bonds payable	05/04	05/15/14	4.20%-4.75%	805,000
Serial bonds payable	05/05	05/15/24	3.75%-4.00%	1,905,000
Serial bonds payable	11/05	11/15/17	3.86%-4.25%	100,000
Serial bonds payable	05/07	05/15/21	3.75%-4.00%	1,820,000
Serial bonds payable	11/08	05/27/38	0.00%	11,388,794
Serial bonds payable	05/10	05/15/28	3.25%-4.00%	7,555,000
Serial bonds payable	05/11	05/15/25	3.75%-4.25%	<u>1,020,000</u>
Total serial bonds				26,198,794
Installment purchase debt	01/11	01/14/26	4.474%	3,268,077
Installment purchase debt	01/11	06/30/15	6.50%	71,260
Installment purchase debt	01/13	01/15/18	2.655%	52,006
HUD 108 loan payable	09/06	08/01/17	Various	<u>326,000</u>
Total Indebtedness				<u>\$ 29,916,137</u>

There is a statutory debt limit applicable to City's within New York State. The City is in compliance with this debt limit.

- e. The following is a summary of maturing debt service requirements for the City's serial bonds, loans payable, and installment purchase debt:

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

Fiscal Year	Serial Bonds				Loans Payable		Installment Purchase Debt	
	Principal	Premium	Net	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,200,552	\$ 4,818	\$ 2,205,370	\$ 513,367	\$ 100,000	\$ 16,648	\$ 235,438	\$ 152,301
2015	2,145,552	4,818	2,150,370	451,504	100,000	11,578	245,861	150,885
2016	2,010,552	4,818	2,015,370	394,484	100,000	6,488	218,604	139,166
2017	1,855,552	4,818	1,860,370	343,405	26,000	1,378	228,196	130,126
2018	1,810,552	2,410	1,812,962	294,515			238,213	120,676
2019-2023	7,277,760	-	7,277,760	838,496	-	-	1,298,230	386,681
2024-2028	4,287,760	-	4,287,760	196,356	-	-	926,801	84,146
2029-2033	2,332,759	-	2,332,759	2,491	-	-	-	-
2034-2038	2,277,755	-	2,277,755	-	-	-	-	-
Total	\$ 26,198,794	\$ 21,682	\$ 26,220,476	\$ 3,034,618	\$ 326,000	\$ 36,092	\$ 3,391,343	\$ 1,163,981

5. OPERATING LEASE

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 \$195,175 for the year ended December 31, 2013. Negotiations are ongoing to extend the lease past December 31, 2013.

C. FUND BALANCES

As of December 31, 2013, fund balances on the fund basis statements of the governmental activities are classified as follows:

Nonspendable - amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. As of December 31, 2013, the City had no nonspendable fund balances.

Restricted - amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, i.e., the City Council. As of December 31, 2013, the City had no committed fund balances.

Assigned - amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The assigned category includes funds encumbered and appropriation of fund balances. The City did not have any encumbrances as of December 31, 2013.

Unassigned - all other spendable amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the City.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (Continued)

As December 31, 2013, governmental fund balances were classified as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Total</u>
<u>Restricted:</u>				
Capital Projects	\$ 396,606	\$ -	\$ -	\$ 396,606
Other	49,193	-	-	49,193
Community Development	-	-	4,018,513	4,018,513
<u>Assigned</u>				
Subsequent years' expenditures	291,327	-	-	291,327
<u>Unassigned (deficit):</u>				
General Fund	164,720	-	-	164,720
Capital Projects	-	<u>(2,337,326)</u>	-	<u>(2,337,326)</u>
Total	<u>\$ 901,846</u>	<u>\$ (2,337,326)</u>	<u>\$ 4,018,513</u>	<u>\$ 2,583,033</u>

As of December 31, 2013, 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.

NOTE 3 - STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Overdrawn Appropriations

Expenditures for the year ended December 31, 2013 exceeded appropriations in the General Fund for general government, public safety, transportation, economic assistance, culture and recreation, home and community services, and debt interest by \$116,257, \$516,233, \$228,406, \$1,914, \$163,487, \$2,243,083 and \$269,726, respectively. Total expenditures exceeded appropriations for the fiscal year ended December 31, 2013.

B. Deficit Fund Balance

The City reported a deficit fund balance at December 31, 2013 in the Capital Projects Fund in the amount of \$2,337,326. The deficit will be eliminated through permanent financing and permanent transfers from the General Fund.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

A. RISK FINANCING AND RELATED INSURANCE

Workers' 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)

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.

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, 2013, the Plan sponsor determined that the reserves were considered adequate to cover discounted future claim liabilities.

NOTE 5 - SUBSEQUENT EVENTS

Subsequent to year-end, the City issued public improvement serial bonds in the amount of \$13,328,000 at an interest rate of 2.5% - 3.5% and a maturity date of February 1, 2042. The serial bonds will pay off all of the outstanding bond anticipation notes payable that existed at December 31, 2013.

CITY OF GENEVA, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule of Funding Progress

	Actuarial Valuation Date			
	<u>01/01/13</u>	<u>01/01/11</u>	<u>01/01/09</u>	<u>01/01/07</u>
1. Actuarial Accrued Liability	\$ 20,548,319	\$ 18,791,100	\$ 19,198,213	\$ 31,332,022
2. Actuarial Value of Assets	-	-	-	-
3. Unfunded Actuarial Accrued Liability	<u>20,548,319</u>	<u>18,791,100</u>	<u>19,198,213</u>	<u>31,332,022</u>
4. Funded Ratio (2. divided by 1.)	0.00%	0.00%	0.00%	0.00%
5. Annual Covered Payroll	7,471,985	5,508,607	6,529,816	6,170,656
6. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll	275.00%	341.12%	294.01%	507.76%

Schedule of Employer Contributions

Fiscal Year Ending

December 31, 2008	\$ 910,969
December 31, 2009	719,450
December 31, 2010	983,045
December 31, 2011	722,987
December 31, 2012	789,060
December 31, 2013	817,346

CITY OF GENEVA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Real property taxes	\$ 6,376,000	\$ 6,376,000	\$ 6,289,760	\$ (86,240)
Real property tax items	945,000	945,000	1,055,014	110,014
Non-property tax items	3,847,500	3,847,500	3,517,132	(330,368)
Departmental income	510,500	510,500	403,743	(106,757)
Intergovernmental charges	195,000	195,000	176,831	(18,169)
Use of money and property	55,500	55,500	22,122	(33,378)
Licenses and permits	127,500	127,500	94,327	(33,173)
Fines and forfeitures	298,000	298,000	273,358	(24,642)
Sale of property and compensation for loss	110,000	110,000	180,533	70,533
Miscellaneous local sources	477,500	477,500	432,262	(45,238)
State sources	2,377,683	2,377,683	4,346,737	1,969,054
Total revenues	15,320,183	15,320,183	16,791,819	1,471,636
EXPENDITURES:				
General government	1,612,975	1,612,975	1,729,232	(116,257)
Public safety	5,397,165	5,397,165	5,913,398	(516,233)
Transportation	1,349,079	1,349,079	1,577,485	(228,406)
Economic assistance and opportunity	160,000	160,000	161,914	(1,914)
Culture and recreation	1,011,867	1,011,867	1,175,354	(163,487)
Home and community services	449,937	449,937	2,693,020	(2,243,083)
Employee benefits	4,263,278	4,263,278	3,245,880	1,017,398
Debt service:				
Principal	1,426,919	1,426,919	1,426,635	284
Interest	139,963	139,963	409,689	(269,726)
Total expenditures	15,811,183	15,811,183	18,332,607	(2,521,424)
Excess (deficit) of revenue over expenditures	(491,000)	(491,000)	(1,540,788)	(1,049,788)
OTHER FINANCING SOURCES:				
Interfund transfers in	458,500	458,500	458,500	-
Appropriated fund balance	32,500	32,500	-	(32,500)
Total other financing sources	491,000	491,000	458,500	(32,500)
Net change in fund balance	-	-	(1,082,288)	(1,082,288)
Fund balance - beginning	-	-	1,984,134	1,984,134
Fund balance - ending	\$ -	\$ -	\$ 901,846	\$ 901,846