

**DRAFT COPY**  
**CITY OF GENEVA, NEW YORK**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**PRELIMINARY & TENTATIVE  
FOR DISCUSSION PURPOSES ONLY**

**CITY OF GENEVA, NEW YORK**

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**SECTION A**

**FINANCIAL SECTION**

## Independent Auditor's Report

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

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Geneva, New York as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated XXXXXXXX, 2010 on our consideration of the City of Geneva's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedule of funding progress for retiree health plan on page A36 and budgetary comparison schedule on page A37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Batavia, New York  
XXXXXX, 2010

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,661,905	\$ 3,623,645	\$ 11,285,550
Cash and cash equivalents - restricted	397,275	660,495	1,057,770
Cash with fiscal agent	-	109,989	109,989
Certificates of deposit	736,546	382,873	1,119,419
Accounts receivable	655,776	1,693,016	2,348,792
Taxes receivable, net	903,732	-	903,732
Loans receivable, net	8,003,730	-	8,003,730
State and federal receivables	995,029	841,115	1,836,144
Due from other governments	41,007	21,612	62,619
Capital assets not being depreciated	8,441,856	8,219,139	16,660,995
Capital assets, net of accumulated depreciation	20,834,824	29,178,785	50,013,609
Total assets	48,671,680	44,730,669	93,402,349
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable	224,806	91,828	316,634
Accrued interest payable	97,260	135,997	233,257
Due to other governments	2,945,589	-	2,945,589
Deferred revenue	4,100,521	-	4,100,521
Other liabilities	16,155	-	16,155
Bond anticipation notes payable	4,175,418	6,941,911	11,117,329
Long-term liabilities:			
Due and payable within one year:			
Loan payable	100,000	-	100,000
Compensated absences	40,048	5,467	45,515
Installment purchase debt	-	47,706	47,706
Serial bonds payable	976,465	1,198,787	2,175,252
Due and payable after one year:			
Loan payable	626,000	-	626,000
Compensated absences	360,430	49,207	409,637
Installment purchase debt	-	95,473	95,473
Serial bonds payable	5,047,230	18,442,420	23,489,650
Post employment benefits	1,482,562	292,280	1,774,842
Total liabilities	20,192,484	27,301,076	47,493,560
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	19,077,567	10,671,627	29,749,194
Restricted for capital projects	779,820	235,569	1,015,389
Unrestricted	8,621,809	6,522,397	15,144,206
Total net assets	\$ 28,479,196	\$ 17,429,593	\$ 45,908,789

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,186,841	\$ 413,552	\$ -	\$ -	\$ (1,773,289)	\$ -	\$ (1,773,289)
Public safety	7,230,173	140,695	-	-	(7,089,478)	-	(7,089,478)
Transportation	2,946,165	556	-	62,991	(2,882,618)	-	(2,882,618)
Economic assistance and opportunity	410,436	9,661	-	1,280,298	879,523	-	879,523
Culture and recreation	1,000,180	234,007	31,277	-	(734,896)	-	(734,896)
Home and community services	2,682,734	103,922	-	-	(2,578,812)	-	(2,578,812)
Interest on debt	444,690	-	-	-	(444,690)	-	(444,690)
Total governmental activities	16,901,219	902,393	31,277	1,343,289	(14,624,260)	-	(14,624,260)
<b>Business-type activities:</b>							
Sewer	2,895,386	3,485,645	-	-	-	590,259	590,259
Water	2,048,549	2,776,225	-	-	-	727,676	727,676
Total business-type activities	4,943,935	6,261,870	-	-	-	1,317,935	1,317,935
Total governmental and business-type activities	\$ 21,845,154	\$ 7,164,263	\$ 31,277	\$ 1,343,289	(14,624,260)	1,317,935	(13,306,325)
<b>General revenues and transfers:</b>							
Real property taxes and real property tax items					7,038,885	-	7,038,885
Non-property taxes					3,159,983	-	3,159,983
Interest earnings					184,448	27,136	211,584
State and federal aid not restricted for a specific purpose					2,686,207	-	2,686,207
Other miscellaneous revenues					3,027,114	38,684	3,065,798
Premium on bond anticipation notes					98,624	163,969	262,593
Gain (loss) on sale of capital assets					(297)	11,445	11,148
Transfers					1,979,266	(1,979,266)	-
Total general revenues and transfers					18,174,230	(1,738,032)	16,436,198
Change in net assets					3,549,970	(420,097)	3,129,873
Net assets - beginning of the year					24,929,226	17,849,690	42,778,916
Net assets - end of the year					\$ 28,479,196	\$ 17,429,593	\$ 45,908,789

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

	General	Community Development	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,278,581	\$ 2,383,324	\$ -	\$ 7,661,905
Cash and cash equivalents - restricted	-	-	397,275	397,275
Certificates of deposit	302,810	433,736	-	736,546
Receivables (net of allowance for uncollectible of \$169,495 in the General Fund and \$110,899 in the Community Development Fund):				
Accounts receivable	382,690	-	273,086	655,776
Taxes receivable	903,732	-	-	903,732
Loans receivable	-	8,003,730	-	8,003,730
State and federal receivables	41,007	-	770,385	811,392
Due from other governments	224,644	-	-	224,644
<b>Total assets</b>	<b>\$ 7,133,464</b>	<b>\$ 10,820,790</b>	<b>\$ 1,440,746</b>	<b>\$ 19,395,000</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 211,157	\$ 9,569	\$ 4,080	\$ 224,806
Due to other governments	5,589	2,940,000	-	2,945,589
Deferred revenue	2,485,664	2,336,181	-	4,821,845
Other liabilities	16,155	-	-	16,155
Bond anticipation notes payable	-	-	4,175,418	4,175,418
Compensated absences	400,478	-	-	400,478
<b>Total liabilities</b>	<b>\$ 3,119,043</b>	<b>\$ 5,285,750</b>	<b>\$ 4,179,498</b>	<b>\$ 12,584,291</b>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**  
**(Continued)**

	General	Community Development	Capital Projects	Total Governmental Funds
FUND BALANCES:				
Reserved for capital projects	779,820	-	-	779,820
Unreserved:				
Designated for subsequent year's expenditures	246,543	-	-	246,543
Undesignated (deficit)	2,988,058	5,535,040	(2,738,752)	5,784,346
Total fund balances (deficit)	4,014,421	5,535,040	(2,738,752)	6,810,709
Total liabilities and fund balances	\$ 7,133,464	\$ 10,820,790	\$ 1,440,746	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	29,276,680
Long-term liabilities, including accrued interest payable, loans payable, serial bonds payable and post employment benefits are not due and payable in the current period and therefore not report in the funds	(8,329,517)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds	721,324

Net assets \$ 28,479,196

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Community Development	Capital Projects	Total Governmental Funds
<b>REVENUES:</b>				
Real property taxes	\$ 6,275,698	\$ -	\$ -	6,275,698
Real property tax items	587,668	-	-	587,668
Sales and other taxes	3,159,983	-	-	3,159,983
Departmental income	665,108	-	-	665,108
Intergovernmental charges	60,553	-	716,838	777,391
Use of money and property	78,836	124,521	6,189	209,546
Licenses and permits	54,285	-	-	54,285
Fines and forfeitures	58,013	-	-	58,013
Sale of property and compensation for loss	51,112	-	-	51,112
Miscellaneous local sources	151,636	2,089,500	64,935	2,306,071
State sources	2,717,484	1,280,298	62,991	4,060,773
Total revenues	<u>13,860,376</u>	<u>3,494,319</u>	<u>850,953</u>	<u>18,205,648</u>
<b>EXPENDITURES:</b>				
General government	1,927,904	47,773	41,497	2,017,174
Public safety	6,274,026	-	67,547	6,341,573
Transportation	2,622,110	-	1,174,361	3,796,471
Economic assistance and opportunity	293,637	88,747	-	382,384
Culture and recreation	569,640	-	84,506	654,146
Home and community services	476,753	2,139,007	43,784	2,659,544
Employee benefits	707,278	-	-	707,278
Debt service:				
Principal	1,450,421	-	-	1,450,421
Interest	512,330	-	-	512,330
Total expenditures	<u>14,834,099</u>	<u>2,275,527</u>	<u>1,411,695</u>	<u>18,521,321</u>

See notes to basic financial statements.  
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**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(Continued)**

	General	Community Development	Capital Projects	Total Governmental Funds
Excess (deficit) of revenues over expenditures	(973,723)	1,218,792	(560,742)	(315,673)
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers in	-	-	2,424,514	2,424,514
Interfund transfers out	-	-	(445,248)	(445,248)
Bond anticipation notes redeemed from appropriations	-	-	363,956	363,956
Premium on bond anticipation notes	-	-	98,624	98,624
Total other financing sources (uses)	-	-	2,441,846	2,441,846
Net change in fund balances	(973,723)	1,218,792	1,881,104	2,126,173
Fund balances (deficit) - beginning of the year	4,988,144	4,316,248	(4,619,856)	4,684,536
Fund balances (deficit) - end of the year	\$ 4,014,421	\$ 5,535,040	\$ (2,738,752)	\$ 6,810,709

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, 2009**

Net change in fund balances - total governmental funds	\$	2,126,173
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 (\$3,840,190) excluding construction work in progress placed in service (\$1,867,067) exceeded depreciation (\$1,370,787) in the current period.		602,336
In the statement of activities, the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.		(7,868)
Repayment of bond, note, and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of debt repayments made in the current period.		1,086,465
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.		175,519
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.		67,640
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.		<u>(500,295)</u>
Change in net assets of governmental activities	\$	<u><u>3,549,970</u></u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET ASSETS - ENTERPRISE FUNDS**  
**DECEMBER 31, 2009**

	Sewer	Water	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,563,069	\$ 2,060,576	\$ 3,623,645
Cash and cash equivalents - restricted	485,595	174,900	660,495
Cash with fiscal agent	109,989	-	109,989
Certificates of deposit	348,614	34,259	382,873
Accounts receivable	897,335	795,681	1,693,016
State and federal receivables	644,609	196,506	841,115
Due from other governments	21,612	-	21,612
Capital assets not being depreciated	7,383,995	835,144	8,219,139
Capital assets, net of accumulated depreciation	20,117,839	9,060,946	29,178,785
Total assets	\$ 31,572,657	\$ 13,158,012	\$ 44,730,669
<b>LIABILITIES AND NET ASSETS:</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 52,809	\$ 39,019	\$ 91,828
Accrued interest payable	76,318	59,679	135,997
Bond anticipation notes payable	5,103,680	1,838,231	6,941,911
Long-term liabilities:			
Due and payable within one year:			
Compensated absences	2,262	3,205	5,467
Installment purchase debt	47,706	-	47,706
Serial bonds payable	773,052	425,735	1,198,787
Due and payable after one year:			
Compensated absences	20,359	28,848	49,207
Installment purchase debt	95,473	-	95,473
Post employment benefits	230,745	61,535	292,280
Serial bonds payable	15,498,450	2,943,970	18,442,420
Total liabilities	21,900,854	5,400,222	27,301,076
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	5,983,473	4,688,154	10,671,627
Restricted for capital projects	143,609	91,960	235,569
Unrestricted	3,544,721	2,977,676	6,522,397
Total net assets	9,671,803	7,757,790	17,429,593
Total liabilities and net assets	\$ 31,572,657	\$ 13,158,012	\$ 44,730,669

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,485,645	\$ 2,776,225	\$ 6,261,870
Other operating revenues	-	38,684	38,684
Total operating revenues	<u>3,485,645</u>	<u>2,814,909</u>	<u>6,300,554</u>
<b>OPERATING EXPENSES:</b>			
Salaries, wages and employee benefits	1,047,649	900,391	1,948,040
Contractual expense	990,572	573,522	1,564,094
Depreciation	686,663	420,071	1,106,734
Total operating expenses	<u>2,724,884</u>	<u>1,893,984</u>	<u>4,618,868</u>
Operating income	<u>760,761</u>	<u>920,925</u>	<u>1,681,686</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	19,807	7,329	27,136
Interest expense	(170,502)	(154,565)	(325,067)
Premium on bond anticipation notes	120,550	43,419	163,969
Gain on sale of capital assets	11,445	-	11,445
Transfers in	1,362,522	410,239	1,772,761
Transfers out	<u>(2,827,106)</u>	<u>(924,921)</u>	<u>(3,752,027)</u>
Total non-operating expenses	<u>(1,483,284)</u>	<u>(618,499)</u>	<u>(2,101,783)</u>
Change in net assets	(722,523)	302,426	(420,097)
Net assets - beginning of the year	<u>10,394,326</u>	<u>7,455,364</u>	<u>17,849,690</u>
Net assets - end of the year	<u>\$ 9,671,803</u>	<u>\$ 7,757,790</u>	<u>\$ 17,429,593</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 3,409,211	\$ 2,606,344	\$ 6,015,555
Cash payments for contractual expenses	(1,074,100)	(653,355)	(1,727,455)
Cash payments to employees for services	(968,317)	(915,047)	(1,883,364)
Other operating revenues	-	38,684	38,684
Net cash provided by operating activities	<u>1,366,794</u>	<u>1,076,626</u>	<u>2,443,420</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Operating subsidies and transfers to other funds	<u>(1,464,584)</u>	<u>(514,682)</u>	<u>(1,979,266)</u>
Net cash used by noncapital financing activities	<u>(1,464,584)</u>	<u>(514,682)</u>	<u>(1,979,266)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition and construction of capital assets	(430,900)	(161,443)	(592,343)
Proceeds from sale of capital assets	11,445	-	11,445
Principal payments on debt	(991,214)	(463,335)	(1,454,549)
Interest paid on debt	(223,294)	(135,992)	(359,286)
Premium on bond anticipation notes	120,550	43,419	163,969
Net cash used by capital and financing activities	<u>(1,513,413)</u>	<u>(717,351)</u>	<u>(2,230,764)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest on cash and investments	19,807	7,329	27,136
Net proceeds / purchased of certificates of deposit	<u>(348,614)</u>	<u>(34,259)</u>	<u>(382,873)</u>
Net cash provided by investing activities	<u>(328,807)</u>	<u>(26,930)</u>	<u>27,136</u>
Net decrease in cash and cash equivalents	(1,940,010)	(182,337)	(1,739,474)
Cash and cash equivalents - beginning of the year	<u>4,098,663</u>	<u>2,417,813</u>	<u>6,516,476</u>
Cash and cash equivalents - end of the year	<u>\$ 2,158,653</u>	<u>\$ 2,235,476</u>	<u>\$ 4,777,002</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**(Continued)**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 760,761	\$ 920,925	\$ 1,681,686
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	686,663	420,071	1,106,734
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	61,191	(127,926)	(66,735)
State and federal receivables	(137,625)	(41,955)	(179,580)
Due from other governments	41,334	-	41,334
Increase (decrease) in:			
Accounts payable	(124,862)	(79,833)	(204,695)
Compensated absences	(7,442)	9,223	1,781
Post employment benefits	86,774	(23,879)	62,895
Net cash used by operating activities	<u>\$ 1,366,794</u>	<u>\$ 1,076,626</u>	<u>\$ 2,443,420</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**  
**DECEMBER 31, 2009**

	Private Purpose Trusts	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 45,475
Cash and cash equivalents - restricted	19,981	-
Total assets	\$ 19,981	\$ 45,475
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Agency liabilities	\$ -	\$ 45,475
NET ASSETS:		
Reserved for cemetery operations	19,981	-
Total liabilities and net assets	\$ 19,981	\$ 45,475

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. REPORTING ENTITY**

The City reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and redefines and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 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.

**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 Assets 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.

**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.

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

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.

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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. 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.

E. 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.

F. ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, such allowance for uncollectible accounts has been provided for loans in the Community Development Fund and taxes in the General Fund. (See Note 3.,A.,2 and 3)

G. 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.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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	2,000	straight-line	25-50 years
Building and site improvements	2,000	straight-line	10-50 years
Infrastructure	100,000	straight-line	25-50 years
Furniture and equipment	2,000	straight-line	3-20 years

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.

H. 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.

I. DEFERRED REVENUE

The City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred 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 deferred revenue is removed and revenue is recognized. As of December 31, 2009, deferred revenue in the General Fund consisted of deferred taxes of \$721,324 and deferred state aid of \$1,764,340. Deferred revenue in the Community Development fund consisted of deferred federal grant funds. (See Note 3., A., 2).

J. LONG-TERM OBLIGATIONS

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-term obligations 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.

**K. 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. Vested compensated absences are recorded in the government wide financial statements for governmental activities and Enterprise Funds.

**L. POST EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the City provides health insurance coverage for retired employees as described at Note 3., B.,2.

**M. 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.

**N. FUND EQUITY**

Government-wide statements:

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

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following is a description of the reserve and designation utilized by the City:

- a. Reserve for Capital Projects - This balance represents amounts reserved to finance future construction, reconstruction or acquisition of capital improvement type items or equipment as authorized when the reserve was established.
- b. Designated for Subsequent Year's Expenditures - This balance represents funds to be used to assist in supporting the subsequent year's authorized appropriations.

**O. 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 54.05% of its constitutional tax limit.

**P. USE OF ESTIMATES**

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS**

**A. ASSETS**

**1. CASH 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.

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

Collateral is required for demand and time deposits and certificates of deposit 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.

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.

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.

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

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, 2009 under both programs amounted to \$8,114,629, against which an allowance of \$110,899 for uncollectible loans has been recorded.

Deferred revenue of \$2,336,181 has been recorded in the Community Development Fund in connection with an Urban Development Action Grant (UDAG) grant/loan program. The revenue is deferred until such time that payments are received under the program, at which time the funds are to be used for other projects eligible under the program.

The City has recorded a loan receivable and deferred revenue of \$2,336,181 for funds that pass through the City from the U.S. Department of Housing and Urban Development under a federal grant program.

3. RECEIVABLES

Major revenues accrued by the City at December 31, 2009, include the following:

General Fund:

PILOT	\$ 89,845
Gas & Oil	35,277
Occupancy tax	37,756
Franchise fees	84,994
Court fees	19,945
Miscellaneous receivables	<u>114,873</u>
Total accounts receivable	382,690

Taxes receivable current	571,575
Taxes receivable overdue	123,044
City School taxes receivable	115,796
Property acquired for taxes	262,812
Allowance for uncollectible taxes	<u>(169,495)</u>
Total taxes receivable	903,732

Capital Projects:

Route 14 receivable	<u>273,086</u>
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Community Development:

Loans receivable	8,114,629
Allowance for receivables	<u>(110,899)</u>
	8,003,730

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

<u>Water:</u>	
Water rents receivable	58,496
Unbilled receivables	737,035
Accounts receivable	<u>150</u>
	795,681
<u>Sewer:</u>	
Sewer rents receivable	33,089
Unbilled receivables	671,277
Accounts receivable	<u>192,969</u>
	<u>897,335</u>
Total accounts receivables	<u>\$11,256,254</u>

4. INTERFUND ACTIVITIES

Interfund activities at December 31, 2009 are as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
Capital Projects Fund	\$2,424,514	\$ 445,248
Sewer Fund	1,362,522	2,827,106
Water Fund	<u>410,239</u>	<u>924,921</u>
Total	<u>\$4,197,275</u>	<u>\$ 4,197,275</u>

Transfers among funds are provided for as part of the annual budget process. The transfers are made to facilitate various capital projects.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Balance 01/01/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/09</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 760,010	\$ -	\$ -	\$ 760,010
Construction work in progress	<u>8,689,202</u>	<u>859,711</u>	<u>1,867,067</u>	<u>7,681,846</u>
Total capital assets, not being depreciated	<u>9,449,212</u>	<u>859,711</u>	<u>1,867,067</u>	<u>8,441,856</u>

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

	<u>Balance</u> <u>01/01/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/09</u>
Capital assets, being depreciated:				
Land improvements	46,448	-	-	46,448
Buildings	8,992,393	413,500	-	9,405,893
Vehicles & equipment	5,857,461	496,466	169,094	6,184,833
Infrastructure	<u>19,468,403</u>	<u>2,070,513</u>	<u>-</u>	<u>21,538,916</u>
 Total capital assets, being depreciated	 <u>34,364,705</u>	 <u>2,980,479</u>	 <u>169,094</u>	 <u>37,176,090</u>
 Less accumulated depreciation				
Land improvements	1,161	2,323	-	3,484
Buildings	4,281,357	341,152	-	4,622,509
Vehicles & equipment	4,212,954	486,059	161,226	4,537,787
Infrastructure	<u>6,636,233</u>	<u>541,253</u>	<u>-</u>	<u>7,177,486</u>
 Total accumulated depreciation	 <u>15,131,705</u>	 <u>1,370,787</u>	 <u>161,226</u>	 <u>16,341,266</u>
 Total capital assets, being depreciated, net	 <u>19,233,000</u>	 <u>1,609,692</u>	 <u>7,868</u>	 <u>20,834,824</u>
 Governmental activities capital assets, net	 <u>\$ 28,682,212</u>	 <u>\$ 2,469,403</u>	 <u>\$ 1,874,935</u>	 <u>\$ 29,276,680</u>
 Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 350,547	\$ -	\$ -	\$ 350,547
Construction work in progress	<u>20,716,152</u>	<u>458,467</u>	<u>13,306,027</u>	<u>7,868,592</u>
 Total capital assets, not being depreciated	 <u>21,066,699</u>	 <u>458,467</u>	 <u>13,306,027</u>	 <u>8,219,139</u>
 Capital assets, being depreciated:				
Buildings	3,273,099	-	-	3,273,099
Vehicles & equipment	6,887,682	135,032	101,800	6,920,914
Infrastructure	<u>20,120,850</u>	<u>13,306,027</u>	<u>-</u>	<u>33,426,877</u>
 Total capital assets, being depreciated	 <u>30,281,631</u>	 <u>13,441,059</u>	 <u>101,800</u>	 <u>43,620,890</u>

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

	<u>Balance</u> <u>01/01/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/09</u>
Less accumulated depreciation				
Buildings	2,172,876	122,291	-	2,295,167
Vehicles & equipment	4,896,099	531,588	100,644	5,327,043
Infrastructure	<u>6,367,040</u>	<u>452,855</u>	<u>-</u>	<u>6,819,895</u>
Total accumulated depreciation	<u>13,436,015</u>	<u>1,106,734</u>	<u>100,644</u>	<u>14,442,105</u>
Total capital assets being depreciated, net	<u>16,845,616</u>	<u>12,334,325</u>	<u>1,156</u>	<u>29,178,785</u>
Business-type activities capital assets, net	<u>\$ 37,912,315</u>	<u>\$ 12,792,792</u>	<u>\$ 13,307,183</u>	<u>\$ 37,397,924</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 25,760
Public safety	256,902
Transportation	808,182
Economic assistance and opportunity	279
Culture and recreation	277,576
Home and community service	<u>2,088</u>

Total governmental activities depreciation expense 1,370,787

Business-type activities:

Home and community service 1,106,734

Total depreciation expense \$ 2,477,521

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

**B. LIABILITIES**

**1. PENSION PLANS**

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**

Plan members who joined the ERS before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute three percent of their annual salary. Employees joining on or after January 1, 2010 are required to contribute three percent of their annual salary throughout their active membership. The Comptroller of the State of New York certifies the rates expressed as proportions of members' payroll annually, which shall be used in computing the contributions required to be made by employers to the pension accumulation 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:

	ERS	PFRS
2009	\$ 289,193	\$ 506,938
2008	327,538	440,464
2007	367,504	424,417

The City of Geneva contributions made to the Systems were equal to 100 percent of the contributions required for each year.

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

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.

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 varies depending on the applicable agreement. 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 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, 2009:

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>12/31/09</u>
Normal Cost	\$ 387,411
Amortization of UAL	834,150
Interest	<u>19,371</u>
ARC	1,240,932
Interest on OPEB Obligation	<u>41,708</u>
OPEB Expense	1,282,640
Net OPEB contributions made during the fiscal year	<u>(719,450)</u>
Net OPEB obligation for the current fiscal year	563,190
Net OPEB obligation at beginning of year	<u>1,211,652</u>
Net OPEB obligation at end of year	\$ <u>1,774,842</u>

e. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2009, the actuarial accrued liability for benefits was \$19,198,213, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,529,816, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 294.01%. The total post employment health insurance cost to the City for 91 retirees was \$719,450 for the year ended December 31, 2009.

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 A36, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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:

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

The December 31, 2009 actuarial valuation utilized the entry age normal method. The actuarial assumptions included a 5 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 annual healthcare cost trend of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after 11 years. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The amortization period at December 31, 2009 was twenty-nine years.

g. ALLOCATION OF POST EMPLOYMENT BENEFITS

The City's allocation of their OPEB liability to the City's functions are as follows:

Governmental activities:	
General government	\$ 68,858
Public safety	294,433
Transportation	78,505
Economic assistance & opportunity	13,241
Culture and recreation	35,386
Home and community service	<u>9,872</u>
Total governmental activities OPEB expense	500,295
Enterprise activities:	
Home and community service	<u>62,895</u>
Total governmental activities OPEB expense	\$ <u>563,190</u>

3. INDEBTEDNESS

a. 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. As of December 31, 2009, the City had bond anticipation notes outstanding of \$4,175,418, \$5,103,680, and \$1,838,231 in the Capital Projects, Sewer and Water Funds, respectively.

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

Interest expenditures for short-term debt are recognized on an accrual basis, when amounts become due and payable. Interest expense amounted to \$183,225 for the year ended December 31, 2009, and was recorded in the General, Capital, Water and Sewer Funds. Interest expense capitalized based on construction work in progress in the Water and Sewer Funds for the year ended December 31, 2009 was \$49,732 and \$73,476, respectively.

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

	Balance at <u>01/01/09</u>	Issued	Redeemed	Balance at <u>12/31/09</u>
<u>Governmental activities:</u>				
BAN maturing 05/20/10 at 2.00%	\$ 3,600,000	\$ -	\$ 2,980,631	\$ 619,369
BAN maturing 05/20/10 at 2.00%	2,196,844	-	1,826,838	370,006
BAN maturing 05/20/10 at 2.00%	1,037,869	-	163,152	874,717
BAN maturing 05/20/10 at 2.00%	389,105	-	115,151	273,954
BAN maturing 05/20/10 at 4.00%	71,000	-	71,000	-
BAN maturing 05/20/10 at 2.00%	382,000	-	123,107	258,893
BAN maturing 05/20/10 at 2.00%	1,000,508	-	65,508	935,000
BAN maturing 05/20/10 at 2.00%	441,038	-	26,038	415,000
BAN maturing 05/20/10 at 2.00%	<u>428,479</u>	-	-	<u>428,479</u>
Total governmental activities	<u>\$ 9,546,843</u>	<u>\$ -</u>	<u>\$ 5,371,425</u>	<u>\$ 4,175,418</u>
<u>Business-Type activities:</u>				
<u>Water</u>				
BAN maturing 05/20/10 at 2.00%	\$ 360,800	\$ -	\$ 14,500	\$ 346,300
BAN maturing 05/20/10 at 2.00%	517,990	-	20,800	497,190
BAN maturing 05/20/10 at 2.00%	181,407	-	7,300	174,107
BAN maturing 05/20/10 at 2.00%	274,256	-	-	274,256
BAN maturing 05/20/10 at 2.00%	<u>546,378</u>	-	-	<u>546,378</u>
Total Water	<u>1,880,831</u>	-	42,600	1,838,231
<u>Sewer</u>				
BAN maturing 05/20/10 at 2.00%	40,000	-	5,000	35,000
BAN maturing 05/20/10 at 2.00%	1,650,000	-	67,000	1,583,000
BAN maturing 05/20/10 at 2.00%	1,183,553	-	65,500	1,118,053
BAN maturing 05/20/10 at 2.00%	250,000	-	10,000	240,000
BAN maturing 05/20/10 at 2.00%	663,810	-	26,600	637,210
BAN maturing 05/20/10 at 2.00%	264,552	-	10,600	253,952
BAN maturing 05/20/10 at 2.00%	445,471	-	-	445,471
BAN maturing 05/20/10 at 2.00%	715,380	-	-	715,380
BAN maturing 05/20/10 at 2.00%	<u>75,614</u>	-	-	<u>75,614</u>
Total Sewer	<u>5,288,380</u>	-	<u>184,700</u>	<u>5,103,680</u>
Total business-type activities	<u>\$ 7,169,211</u>	<u>\$ -</u>	<u>\$ 227,300</u>	<u>\$ 6,941,911</u>

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

b. LONG-TERM OBLIGATIONS

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 \$535,309 of expenditures for long-term debt interest.

Other liabilities:

HUD 108 Loan Payable – Payments owed to the Department of Housing and Urban Development.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2009:

	<u>Balance</u> <u>01/01/09</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>12/31/09</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation debt:					
Serial Bonds	\$ 7,010,160	\$ -	\$ 986,465	\$ 6,023,695	\$ 976,465
Other liabilities:					
Compensated absences	400,323	310	155	400,478	40,048
Loan payable	826,000	-	100,000	726,000	100,000
Post-employment benefits	<u>982,267</u>	<u>500,295</u>	<u>-</u>	<u>1,482,562</u>	<u>-</u>
Total government activities	<u>9,218,750</u>	<u>500,605</u>	<u>1,086,620</u>	<u>8,632,735</u>	<u>1,116,513</u>

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

	<u>Balance</u> <u>01/01/09</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>12/31/09</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
General obligation debt:					
Serial bonds	20,829,994	-	1,188,787	19,641,207	1,198,787
Other liabilities:					
Compensated absences	52,893	18,446	16,665	54,674	5,467
Post-employment Benefits	229,385	62,895	-	292,280	-
Installment purchase debt	<u>181,641</u>	<u>-</u>	<u>38,462</u>	<u>143,179</u>	<u>47,706</u>
Total business-type activities	<u>21,293,913</u>	<u>81,341</u>	<u>1,243,914</u>	<u>20,131,340</u>	<u>1,251,960</u>
Total long-term obligations	<u>\$ 30,512,663</u>	<u>\$ 581,946</u>	<u>\$ 2,330,534</u>	<u>\$ 28,764,075</u>	<u>\$ 2,368,473</u>

c. MATURITY

Following is a summary of maturities of indebtedness:

<u>Issue Description</u>	<u>Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Outstanding</u> <u>at 12/31/09</u>
Serial Bonds Payable	03/92	03/01/12	6.10%	\$ 390,000
Serial Bonds Payable	06/93	06/01/11	5.10%	240,000
Serial Bonds Payable	01/94	05/15/13	3.15%	140,000
Serial Bonds Payable	12/94	05/15/15	4.80%	550,000
Serial Bonds Payable	06/95	06/01/11	5.10%	100,000
Serial Bonds Payable	05/99	05/01/18	4.48%	2,315,000
Serial Bonds Payable	07/00	07/15/30	4.26%-5.74%	980,000
Serial Bonds Payable	05/04	05/15/14	4.20%-4.75%	1,240,000
Serial Bonds Payable	05/05	05/15/24	3.75%-4.00%	3,160,000
Serial Bonds Payable	11/05	11/15/17	3.86%-4.25%	525,000
Serial Bonds Payable	05/07	05/15/21	Various	2,775,000
Serial Bonds Payable	11/08	05/27/38	0%	13,211,002
G. Edward Grant Trust Note Payable	01/97	01/01/11	5.00%	<u>38,900</u>
Total Serial Bonds				25,664,902
HUD 108 Loan Payable	09/06	08/01/17	Various	<u>726,000</u>
Total Indebtedness				<u>\$ 26,390,902</u>

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

The following is a summary of maturing debt service requirements for the City's serial bonds, loans payable, and notes payable:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,175,252	\$ 497,695	\$ 100,000	\$ 36,738
2011	2,229,752	423,217	100,000	31,748
2012	2,010,552	352,358	100,000	26,728
2013	1,625,552	294,326	100,000	21,698
2014	1,535,552	244,973	100,000	16,648
2015-2019	6,052,760	648,379	226,000	19,444
2020-2024	3,472,760	132,534	-	-
2025-2029	2,437,760	22,541	-	-
2030-2034	2,302,758	594	-	-
2035-2038	<u>1,822,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>25,664,902</u>	\$ <u>2,616,617</u>	\$ <u>726,000</u>	\$ <u>153,004</u>

There is a statutory debt limit applicable to City's within New York State. The City is in compliance with this debt limit. The City has exhausted 44% of their available debt limit.

- d. DEFERRED COMPENSATION - Beginning in January 1990, all City employees were given the opportunity to defer a portion of their wages to future years. The Plan was established in accordance with Section 457 of the Internal Revenue Code and is administered by PEBSCO. Participation is on a voluntary payroll deduction basis. According to Plan provisions, accumulated contributions are available only for termination, retirement, death or unforeseeable emergency.

All deferred amounts are the property of the City and the participant's interest in such is that of a general creditor of the City. The City's responsibility under the Plan is limited to deducting voluntary contributions from participants' wages and transmittal of such deductions to PEBSCO. It is management's opinion that the City has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. Amounts on deposit with PEBSCO for City employees at December 31, 2009 amounted to \$3,122,705.

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

**NOTE 2 - DETAIL NOTES ON TRANSACTIONS CLASSES/ACCOUNTS (Continued)**

e. 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 \$195,925 for the year ended December 31, 2009. The following is a schedule of minimum required lease payments for the years subsequent to 2009:

2010	\$ 197,675
2011	193,875
2012	194,800
2013	195,175
Total	<u>\$ 781,525</u>

**NOTE 3 - 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.

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 15<sup>th</sup>. 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 15<sup>th</sup> 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.

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

**NOTE 3 - COMMITMENTS AND CONTINGENCIES (Continued)**

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, 2009, the Plan sponsor determined that the reserves were considered adequate to cover discounted future claim liabilities.

**NOTE 4 - SUBSEQUENT EVENTS**

Subsequent to year-end the City approved a bond resolution authorizing the issuance of \$4,712,568 in serial bonds to finance the cost of upgrading and replacing equipment at the water treatment plant and to finance the cost of replacing water meters in certain residential and commercial buildings.

In October of 2009 the City authorized the formation of the City of Geneva Development Corporation to perform essential governmental functions including activities associated with the promotion of community and economic development and job creation and the issuance of bonds on its behalf. The Corporation was legally established subsequent to year-end.

**NOTE 5 - FUTURE GASB PRONOUNCEMENTS**

**A. FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS**

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which will be effective for the City beginning with its year ending December 31, 2011. Statement No. 54 is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. It distinguishes fund balance between amounts that are considered *nonspendable*, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications such as restricted, committed, assigned and unassigned.

The new standards also clarify the definitions of individual governmental fund types. It interprets certain terms within the definition of special revenue fund types, while further clarifying the debt service and capital projects fund type definitions. The final standard also specifies how economic stabilization or "rainy-day" amounts should be reported. GASB Statement 54 is effective for financial statements for periods beginning after June 15, 2010. Governments that wish to implement earlier than that date are encouraged to do so.

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

**NOTE 5 - FUTURE GASB PRONOUNCEMENTS (Continued)**

**B. OPEB MEASUREMENTS BY AGENT EMPLOYERS AND AGENT MULTIPLE-EMPLOYER PLANS**

In December 2009, GASB issued Statement No. 57 which addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. (In agent multiple-employer plans, separate liabilities are calculated and separate asset accounts are kept for each participating government, rather than being administered and accounted for as a single plan as is done in a cost-sharing plan). GASB Statement No. 57 amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

This Statement enables certain agent employers to use the alternative measurement method, a less complex and potentially less expensive alternative to a full actuarial valuation. It also adjusts the requirement that a defined benefit OPEB plan obtain an actuarial valuation, in light of the change allowing more qualifying employers to use the alternative measurement method and clarifies that the same frequency and timing of determining OPEB measures are required for both agent multiple-employer plans and their participating employers. GASB Statement No. 57 is effective for financial statements for periods beginning after June 15, 2011, however, earlier application of this Statement is encouraged.

**CITY OF GENEVA, NEW YORK**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Schedule of Funding Progress</u>	Actuarial Valuation Date <u>01/01/08</u>
1. Actuarial Accrued Liability	\$ 19,198,213
2. Actuarial Value of Assets	<u>-</u>
3. Unfunded Actuarial Accrued Liability	19,198,213
4. Funded Ratio (2. divided by 1.)	0%
5. Annual Covered Payroll	6,529,816
6. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll	294.01%
 <u>Schedule of Employer Contributions</u>	 Fiscal Year Ending <u>12/31/09</u>
	\$ 719,450

GASB Statement No. 45 was implemented prospectively.

**CITY OF GENEVA, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Real property taxes	\$ 6,403,477	\$ 6,403,477	\$ 6,275,698	\$ (127,779)
Real property tax items	585,728	585,728	587,668	1,940
Non-property tax items	3,490,535	3,490,535	3,159,983	(330,552)
Departmental income	742,000	742,000	665,108	(76,892)
Intergovernmental charges	69,000	69,000	60,553	(8,447)
Use of money and property	170,000	170,000	78,836	(91,164)
Licenses and permits	61,500	61,500	54,285	(7,215)
Fines and forfeitures	85,000	85,000	58,013	(26,987)
Sale of property and compensation for loss	20,000	20,000	51,112	31,112
Miscellaneous local sources	300,405	300,405	151,636	(148,769)
State sources	2,840,674	2,840,674	2,717,484	(123,190)
<b>Total revenues</b>	<b>14,768,319</b>	<b>14,768,319</b>	<b>13,860,376</b>	<b>(907,943)</b>
<b>EXPENDITURES:</b>				
General government	2,195,033	2,034,919	1,927,904	107,015
Public safety	7,641,010	7,679,585	6,274,026	1,405,559
Transportation	2,610,418	2,778,590	2,622,110	156,480
Economic assistance and opportunity	338,192	316,982	293,637	23,345
Culture and recreation	627,279	628,787	569,640	59,147
Home and community services	550,148	579,557	476,753	102,804
Employee benefits	866,088	866,088	707,278	158,810
Debt service:				
Principal	1,450,421	1,450,421	1,450,421	-
Interest	512,456	512,456	512,330	126
<b>Total expenditures</b>	<b>16,791,045</b>	<b>16,847,385</b>	<b>14,834,099</b>	<b>2,013,286</b>
Excess (deficit) of revenue over expenditures	(2,022,726)	(2,079,066)	(973,723)	1,105,343
<b>OTHER FINANCING SOURCES:</b>				
Interfund transfers in	468,500	468,500	-	(468,500)
Appropriated fund balance	1,554,226	1,610,566	-	(1,610,566)
<b>Total other financing sources</b>	<b>2,022,726</b>	<b>2,079,066</b>	<b>-</b>	<b>(2,079,066)</b>
Net change in fund balance	-	-	(973,723)	(973,723)
Fund balance - beginning of the year	-	-	4,988,144	4,988,144
Fund balance - end of the year	\$ -	\$ -	\$ 4,014,421	\$ 4,014,421

See independent auditor's report