

**AUDITED
BASIC FINANCIAL STATEMENTS**

CITY OF GENEVA, NEW YORK

DECEMBER 31, 2011

CITY OF GENEVA, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Basic Financial Statements:	
Statement of Net Assets	A1
Statement of Activities	A2
Balance Sheet - Governmental Funds	A3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A5
Statement of Net Assets - Enterprise Funds	A6
Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Funds	A7
Statement of Cash Flows - Enterprise Funds	A8
Statement of Net Assets - Fiduciary Funds	A9
Statement of Changes in Net Assets - Fiduciary Funds	A10
Notes to Basic Financial Statements	A11-A29
Schedule of Funding Progress for Retiree Health Plan	A30
Budgetary Comparison Schedule for the General Fund	A31



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 and each major fund of the City of Geneva, New York (the City), as of and for the year ended December 31, 2011, 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. 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As stated in Note 1, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress for retiree health plan and budgetary comparison schedule on pages A30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Freed Maxick CPAs, P.C.

Batavia, New York
October 21, 2012

CITY OF GENEVA, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,266,912	\$ 4,439,087	\$ 10,705,999
Cash and cash equivalents - restricted	-	2,582,319	2,582,319
Cash with fiscal agent	-	109,989	109,989
Certificates of deposit	77,209	-	77,209
Accounts receivable	376,396	1,421,024	1,797,420
Taxes receivable, net	1,049,940	-	1,049,940
Loans receivable, net	7,001,352	-	7,001,352
State and federal receivables	4,259	-	4,259
Due from other governments	517,401	524,637	1,042,038
Due from fiduciary fund	82,732	-	82,732
Bond issue costs, net	30,196	17,697	47,893
Capital assets not being depreciated	2,303,338	1,591,629	3,894,967
Capital assets, net of accumulated depreciation	26,877,320	38,987,438	65,864,758
Total assets	44,587,055	49,673,820	94,260,875
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable	356,648	117,015	473,663
Accrued liabilities	142,899	1,826	144,725
Accrued interest payable	66,187	144,110	210,297
Due to other governments	2,656,231	-	2,656,231
Deferred revenue	3,929,056	-	3,929,056
Other liabilities	19,199	-	19,199
Bond anticipation notes payable	1,439,603	6,042,993	7,482,596
Long-term liabilities:			
Due and payable within one year	1,378,803	1,500,972	2,879,775
Due and payable after one year	9,424,548	22,481,834	31,906,382
Total liabilities	19,413,174	30,288,750	49,701,924
NET ASSETS:			
Invested in capital assets, net of related debt	19,939,016	13,613,130	33,552,146
Restricted for capital projects	636,596	141,030	777,626
Unrestricted	4,598,269	5,630,910	10,229,179
Total net assets	\$ 25,173,881	\$ 19,385,070	\$ 44,558,951

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	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
Governmental activities:							
General government	\$ 2,612,260	\$ 384,221	\$ -	\$ -	\$(2,228,039)	\$ -	\$(2,228,039)
Public safety	7,713,473	225,996	-	-	(7,487,477)	-	(7,487,477)
Transportation	3,293,139	-	-	223,539	(3,069,600)	-	(3,069,600)
Economic assistance and opportunity	278,580	-	-	-	(278,580)	-	(278,580)
Culture and recreation	1,459,168	240,159	31,968	-	(1,187,041)	-	(1,187,041)
Home and community services	1,535,125	86,503	-	-	(1,448,622)	-	(1,448,622)
Interest on debt	410,160	-	-	-	(410,160)	-	(410,160)
Total governmental activities	17,301,905	936,879	31,968	223,539	(16,109,519)	-	(16,109,519)
Business-type activities:							
Sewer	3,216,741	3,725,848	-	-	-	509,107	509,107
Water	2,172,145	2,635,918	-	-	-	463,773	463,773
Total business-type activities	5,388,886	6,361,766	-	-	-	972,880	972,880
Total governmental and business-type activities	\$ 22,690,791	\$ 7,298,645	\$ 31,968	\$ 223,539	\$(16,109,519)	972,880	\$(15,136,639)
General revenues:							
Real property taxes and real property tax items					7,282,905	-	7,282,905
Non-property taxes					3,315,372	-	3,315,372
Interest earnings					128,994	444	129,438
State and federal aid not restricted for a specific purpose					2,193,203	-	2,193,203
Other miscellaneous revenues					789,531	33,099	822,630
Premium on bond anticipation notes					2,894	16,031	18,925
Loss on sale of capital assets					(16,391)	-	(16,391)
Transfers					468,000	(468,000)	-
Total general revenues and transfers					14,164,508	(418,426)	13,746,082
Change in net assets					(1,945,011)	554,454	(1,390,557)
Net assets - beginning of the year					27,118,892	18,830,616	45,949,508
Net assets - end of the year					\$ 25,173,881	\$ 19,385,070	\$ 44,558,951

See notes to basic financial statements.
A2

CITY OF GENEVA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Community Development	Capital Projects	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 3,737,601	\$ 2,499,836	\$ 29,475	\$ 6,266,912
Certificates of deposit	77,209	-	-	77,209
Receivables (net of allowance for uncollectibles)				
Accounts receivable	376,396	-	-	376,396
Taxes receivable	1,049,940	-	-	1,049,940
Loans receivable	-	7,001,352	-	7,001,352
State and federal receivables	-	-	4,259	4,259
Due from other funds	166,145	-	-	166,145
Due from other governments	517,401	-	-	517,401
Total assets	\$ 5,924,692	\$ 9,501,188	\$ 33,734	\$ 15,459,614
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 294,155	\$ 24,525	\$ 37,968	\$ 356,648
Accrued liabilities	142,899	-	-	142,899
Bond anticipation notes payable	-	-	1,439,603	1,439,603
Due to other funds	83,413	-	-	83,413
Due to other governments	116,231	2,540,000	-	2,656,231
Deferred revenue	2,748,321	2,135,861	-	4,884,182
Other liabilities	19,199	-	-	19,199
Compensated absences	11,084	-	-	11,084
Total liabilities	3,415,302	4,700,386	1,477,571	9,593,259
FUND BALANCES:				
Restricted	636,596	4,800,802	-	5,437,398
Unassigned (deficit)	1,872,794	-	(1,443,837)	428,957
Total fund balances (deficit)	2,509,390	4,800,802	(1,443,837)	5,866,355
Total liabilities and fund balances	\$ 5,924,692	\$ 9,501,188	\$ 33,734	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,180,658
Long-term liabilities, including accrued interest payable, loans payable, serial bonds payable, compensated absences and post employment benefits are not due and payable in the current period and therefore are not reported in the funds.	(10,858,454)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	955,126
Unamortized costs associated with the issuance of bonds are an asset in the statement of net assets and are an expense in the governmental funds in the year the bonds are issued.	30,196
Net assets	\$ 25,173,881

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, 2011

	General	Community Development	Capital Projects	Total Governmental Funds
REVENUES:				
Real property taxes	\$ 6,349,218	\$ -	\$ -	\$ 6,349,218
Real property tax items	852,786	-	-	852,786
Sales and other taxes	3,315,372	-	-	3,315,372
Departmental income	467,016	-	-	467,016
Intergovernmental charges	161,210	-	-	161,210
Use of money and property	193,920	94,390	-	288,310
Licenses and permits	60,384	-	-	60,384
Fines and forfeitures	55,142	-	-	55,142
Sale of property and compensation for loss	33,811	-	-	33,811
Miscellaneous local sources	386,077	362,156	41,298	789,531
State and federal sources	2,225,171	-	223,539	2,448,710
Total revenues	<u>14,100,107</u>	<u>456,546</u>	<u>264,837</u>	<u>14,821,490</u>
EXPENDITURES:				
General government	2,243,920	-	1,178,913	3,422,833
Public safety	6,174,971	-	30,346	6,205,317
Transportation	1,727,824	-	1,057,372	2,785,196
Economic assistance and opportunity	237,440	9,012	-	246,452
Culture and recreation	1,142,931	-	12,731	1,155,662
Home and community services	682,076	831,163	294	1,513,533
Employee benefits	1,973,406	-	-	1,973,406
Debt service:				
Principal	1,438,705	-	-	1,438,705
Interest	412,374	-	-	412,374
Bond issuance costs	32,519	-	-	32,519
Total expenditures	<u>16,066,166</u>	<u>840,175</u>	<u>2,279,656</u>	<u>19,185,997</u>
Deficit of revenues over expenditures	(1,966,059)	(383,629)	(2,014,819)	(4,364,507)
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	468,000	-	-	468,000
Premium on bond refunding and bond anticipation notes	13,918	-	2,894	16,812
Proceeds from installment purchase debt	-	-	168,286	168,286
Proceeds from bond refunding	602,500	-	-	602,500
Payment for bond refunding	(571,000)	-	-	(571,000)
Total other financing sources	<u>513,418</u>	<u>-</u>	<u>171,180</u>	<u>684,598</u>
Net change in fund balances	(1,452,641)	(383,629)	(1,843,639)	(3,679,909)
Fund balances - beginning of the year	<u>3,962,031</u>	<u>5,184,431</u>	<u>399,802</u>	<u>9,546,264</u>
Fund balances (deficit) - end of the year	<u>\$ 2,509,390</u>	<u>\$ 4,800,802</u>	<u>\$ (1,443,837)</u>	<u>\$ 5,866,355</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, 2011

Net change in fund balances - total governmental funds \$ (3,679,909)

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 (\$2,580,533) excluding construction work in progress placed in service (\$258,000) exceeded depreciation (\$1,682,395) in the current period.	640,138
Proceeds of serial bonds, including the amortization of debt premiums, and installment purchase debt are recorded as other financing sources for governmental funds whereas on the statement of activities the proceeds of serial bonds and installment purchase debt are reported as liabilities in the statement of net assets.	(783,710)
Repayment of bond, installment purchase debt and loan are expenditures in the governmental funds, but these repayments reduce long-term liabilities in the statement of net assets. This is the amount of debt repayments made in the current period.	2,009,705
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.	80,901
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.	(16,391)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.	3,543
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.	123,234
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.	(352,718)
Costs associated with the issuance of bonds are an asset in the statement of net assets and are an expense in the governmental funds in the year the bonds are issued. These costs are amortized over the term of the bonds.	<u>30,196</u>
Change in net assets of governmental activities	<u>\$ (1,945,011)</u>

CITY OF GENEVA, NEW YORK
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS
DECEMBER 31, 2011

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 2,067,497	\$ 2,371,590	\$ 4,439,087
Cash and cash equivalents - restricted	580,635	2,001,684	2,582,319
Cash with fiscal agent	109,989	-	109,989
Accounts receivable	807,090	613,934	1,421,024
Due from other funds	-	3,276	3,276
Due from other governments	524,637	-	524,637
Bond issue costs, net	11,962	5,735	17,697
Capital assets not being depreciated	941,805	649,824	1,591,629
Capital assets, net of accumulated depreciation	25,411,142	13,576,296	38,987,438
Total assets	<u>\$ 30,454,757</u>	<u>\$ 19,222,339</u>	<u>\$ 49,677,096</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
Accounts payable	\$ 56,255	\$ 60,760	\$ 117,015
Accrued liabilities	1,826	-	1,826
Due to other funds	3,276	-	3,276
Accrued interest payable	45,658	98,452	144,110
Bond anticipation notes payable	654,573	5,388,420	6,042,993
Long-term liabilities:			
Due and payable within one year	1,088,444	412,528	1,500,972
Due and payable after one year	18,553,303	3,928,531	22,481,834
Total liabilities	<u>20,403,335</u>	<u>9,888,691</u>	<u>30,292,026</u>
NET ASSETS:			
Invested in capital assets, net of related debt	6,937,470	6,675,660	13,613,130
Restricted for capital projects	48,984	92,046	141,030
Unrestricted	3,064,968	2,565,942	5,630,910
Total net assets	<u>10,051,422</u>	<u>9,333,648</u>	<u>19,385,070</u>
 Total liabilities and net assets	 <u>\$ 30,454,757</u>	 <u>\$ 19,222,339</u>	 <u>\$ 49,677,096</u>

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, 2011

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,725,848	\$ 2,635,918	\$ 6,361,766
Other operating revenues	28,899	4,200	33,099
Total operating revenues	<u>3,754,747</u>	<u>2,640,118</u>	<u>6,394,865</u>
OPERATING EXPENSES:			
Salaries, wages and employee benefits	1,102,500	938,534	2,041,034
Contractual expense	755,669	517,214	1,272,883
Depreciation	1,066,368	533,708	1,600,076
Total operating expenses	<u>2,924,537</u>	<u>1,989,456</u>	<u>4,913,993</u>
Operating income	<u>830,210</u>	<u>650,662</u>	<u>1,480,872</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	358	86	444
Interest expense	(292,204)	(182,689)	(474,893)
Premium on bond anticipation notes	1,827	14,204	16,031
Transfers to other funds	(95,000)	(373,000)	(468,000)
Total non-operating expenses	<u>(385,019)</u>	<u>(541,399)</u>	<u>(926,418)</u>
Change in net assets	445,191	109,263	554,454
Net assets - beginning of the year	<u>9,606,231</u>	<u>9,224,385</u>	<u>18,830,616</u>
Net assets - end of the year	<u>\$ 10,051,422</u>	<u>\$ 9,333,648</u>	<u>\$ 19,385,070</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Sewer	Water	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 4,107,783	\$ 2,745,218	\$ 6,853,001
Cash payments for contractual expenses	(1,309,269)	(483,972)	(1,793,241)
Cash payments to employees for services	(1,083,377)	(895,193)	(1,978,570)
Other operating revenues	28,899	4,200	33,099
Net cash provided by operating activities	1,744,036	1,370,253	3,114,289
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers from (to) other funds	(95,000)	(373,000)	(468,000)
Net cash used by noncapital financing activities	(95,000)	(373,000)	(468,000)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition and construction of capital assets	(635,258)	(760,873)	(1,396,131)
Principal payments on debt	(1,682,258)	(769,235)	(2,451,493)
Interest paid on debt	(301,514)	(185,751)	(487,265)
Premium on bond anticipation notes	1,827	14,204	16,031
Proceeds from debt issuance	1,268,573	919,352	2,187,925
Net cash used by capital and related financing activities	(1,348,630)	(782,303)	(2,130,933)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on cash and investments	358	86	444
Net proceeds/purchases of certificates of deposit	348,883	34,259	383,142
Net cash provided by investing activities	349,241	34,345	383,586
Net increase in cash and cash equivalents	649,647	249,295	898,942
Cash and cash equivalents - beginning of the year	2,108,474	4,123,979	6,232,453
Cash and cash equivalents - end of the year	\$ 2,758,121	\$ 4,373,274	\$ 7,131,395
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 830,210	\$ 650,662	\$ 1,480,872
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	1,066,368	533,708	1,600,076
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	381,935	109,300	491,235
Due from other funds	-	(3,276)	(3,276)
Due from other governments	(494,229)	-	(494,229)
Increase (decrease) in:			
Accounts payable	(63,743)	38,060	(25,683)
Accrued liabilities	1,096	(1,542)	(446)
Due to other funds	3,276	-	3,276
Compensated absences	(4,007)	(7,716)	(11,723)
Post employment benefits	23,130	51,057	74,187
Net cash provided by operating activities	\$ 1,744,036	\$ 1,370,253	\$ 3,114,289

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
DECEMBER 31, 2011

	Private Purpose Trusts	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 164,256
Cash and cash equivalents - restricted	19,984	-
Certificates of deposit	-	19,622
Due from other funds	-	83,413
	-	83,413
Total assets	\$ 19,984	\$ 267,291
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Agency liabilities	\$ -	\$ 101,146
Due to other funds	-	166,145
	-	166,145
Total liabilities	-	267,291
NET ASSETS:		
Reserved for cemetery operations	19,984	-
	19,984	-
Total liabilities and net assets	\$ 19,984	\$ 267,291

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Private Purpose Trusts</u>
Net assets - beginning of the year	\$ <u>19,984</u>
Net assets - end of the year	\$ <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 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. As of December 31, 2011 no financial activity under the Corporation has occurred.

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.

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 37.45% 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 Assets 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. 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.

L. 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, 2011, deferred revenue in the General Fund consisted of deferred taxes of \$955,126 and deferred state aid of \$1,793,195. Deferred revenue in the Community Development fund consisted of deferred federal grant funds. (See Note 2., A., 2).

M. 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.

N. LONG-TERM LIABILITIES

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

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

O. 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.

P. 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. FUND EQUITY

Government-wide financial 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 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 net assets to be reported including nonspendable, restricted, committed, assigned and unassigned. These classes are explained further in Note 2., C.

R. 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.

S. NEW ACCOUNTING PRONOUCEMENTS

During the year ended December 31, 2011, the City adopted GASB Statement No. 54, *Accounting and Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that the equity of governmental funds be classified into five specific categories which will give greater clarity to the different kinds of constraints that apply. Note 2.,C. contains details behind the categories as they are reported on the financial statements.

The GASB has issued the following new statements:

- Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employers Plans*, which will be effective for the year ending December 31, 2012;
- Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2013;
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012;

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which will be effective for the year ending December 31, 2012; and
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which will be effective for the year ending December 31, 2012.

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, 2011.

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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2011 under both programs amounted to \$7,650,118, against which an allowance of \$648,766 for uncollectible loans has been recorded.

Deferred revenue of \$2,135,861 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.

3. RECEIVABLES

Major revenues accrued by the City at December 31, 2011, include the following:

General Fund:

School Resource Officer	\$ 83,819
Occupancy tax	41,560
Franchise fees	86,508
Police and court security	66,363
Miscellaneous receivables	98,146
Total accounts receivable	<u>\$ 376,396</u>
Taxes receivable current	\$ 440,734
Taxes receivable overdue	310,550
City School taxes receivable	243,753
Property acquired for taxes	159,924
Allowance for uncollectible taxes	<u>(105,021)</u>
Total taxes receivable	<u>\$ 1,049,940</u>
Sales tax	\$ 416,147
PILOT	62,279
Art maintenance first	38,975
Total due from other governments	<u>\$ 517,401</u>

Community Development Fund:

Loans receivable	\$ 7,650,118
Allowance for receivables	<u>(648,766)</u>
Total loans receivable	<u>\$ 7,001,352</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

<u>Water:</u>	
Water rents receivable	\$ 40,054
Unbilled receivables	572,880
Miscellaneous receivables	<u>1,000</u>
Total accounts receivable	<u>\$ 613,934</u>

<u>Sewer:</u>	
Sewer rents receivable	\$ 22,530
Unbilled receivables	780,491
Miscellaneous receivables	<u>4,069</u>
Total accounts receivable	<u>\$ 807,090</u>

Town of Geneva	\$ 504,880
Town of Waterloo	<u>19,757</u>
Total due from other governments	<u>\$ 524,637</u>

4. INTERFUND ACTIVITY

Interfund activities at December 31, 2011 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 166,145	\$ 83,413	\$ 468,000	\$ -
Sewer Fund	-	3,276	-	95,000
Water Fund	3,276	-	-	373,000
Agency Fund	<u>83,413</u>	<u>166,145</u>	-	-
Total	<u>\$ 252,834</u>	<u>\$ 252,834</u>	<u>\$ 468,000</u>	<u>\$ 468,000</u>

Transfers among funds are provided for as part of the annual budget process and related to chargeback's for administrative services. In addition, other transfers are made to facilitate various capital projects.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Balance 01/01/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/11</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 760,010	\$ -	\$ -	\$ 760,010
Construction work in progress	<u>82,417</u>	<u>1,718,911</u>	<u>258,000</u>	<u>1,543,328</u>
Total capital assets, not being depreciated	<u>842,427</u>	<u>1,718,911</u>	<u>258,000</u>	<u>2,303,338</u>
Capital assets, being depreciated:				
Land improvements	46,448	-	-	46,448
Buildings	10,462,832	332,489	-	10,795,321
Vehicles & equipment	6,227,442	517,008	133,195	6,611,255
Infrastructure	<u>28,533,087</u>	<u>12,125</u>	<u>-</u>	<u>28,545,212</u>
Total capital assets, being depreciated	<u>45,269,809</u>	<u>861,622</u>	<u>133,195</u>	<u>45,998,236</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

	Balance <u>01/01/11</u>	Additions	Disposals	Balance <u>12/31/11</u>
Less accumulated depreciation				
Land improvements	5,806	2,322	-	8,128
Buildings	5,170,337	780,563	-	5,950,900
Vehicles & equipment	4,618,672	278,912	116,804	4,780,780
Infrastructure	<u>7,760,510</u>	<u>620,598</u>	<u>-</u>	<u>8,381,108</u>
Total accumulated depreciation	<u>17,555,325</u>	<u>1,682,395</u>	<u>116,804</u>	<u>19,120,916</u>
Total capital assets, being depreciated, net	<u>27,714,484</u>	<u>(820,773)</u>	<u>16,391</u>	<u>26,877,320</u>
Governmental activities capital assets, net	<u>\$ 28,556,911</u>	<u>\$ 898,138</u>	<u>\$ 274,391</u>	<u>\$ 29,180,658</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 350,547	\$ -	\$ -	\$ 350,547
Construction work in progress	<u>4,537,354</u>	<u>1,373,060</u>	<u>4,669,332</u>	<u>1,241,082</u>
Total capital assets, not being depreciated	<u>4,887,901</u>	<u>1,373,060</u>	<u>4,669,332</u>	<u>1,591,629</u>
Capital assets, being depreciated:				
Buildings	3,273,099	2,460,100	-	5,733,199
Vehicles & equipment	7,045,814	23,071	-	7,068,885
Infrastructure	<u>41,282,902</u>	<u>2,209,232</u>	<u>-</u>	<u>43,492,134</u>
Total capital assets, being depreciated	<u>51,601,815</u>	<u>4,692,403</u>	<u>-</u>	<u>56,294,218</u>
Less accumulated depreciation				
Buildings	2,511,805	294,773	-	2,806,578
Vehicles & equipment	5,795,438	597,814	-	6,393,252
Infrastructure	<u>7,399,461</u>	<u>707,489</u>	<u>-</u>	<u>8,106,950</u>
Total accumulated depreciation	<u>15,706,704</u>	<u>1,600,076</u>	<u>-</u>	<u>17,306,780</u>
Total capital assets being depreciated, net	<u>35,895,111</u>	<u>3,092,327</u>	<u>-</u>	<u>38,987,438</u>
Business-type activities capital assets, net	<u>\$ 40,783,012</u>	<u>\$ 4,465,387</u>	<u>\$ 4,669,332</u>	<u>\$ 40,579,067</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 67,418
Public safety	126,188
Transportation	1,142,907
Economic assistance and opportunity	276
Culture and recreation	345,538
Home and community service	<u>68</u>
Total governmental activities depreciation expense.	1,682,395
Business-type activities:	
Home and community service	<u>1,600,076</u>
Total depreciation expense	\$ <u>3,282,471</u>

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

Plan members who joined 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:

	<u>ERS</u>	<u>PFRS</u>
2011	\$ 623,050	\$ 788,251
2010	485,074	608,584
2009	289,193	506,938

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, 2011 and received an overall discount of \$5,588 and \$7,101 for ERS and PFRS, respectively.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNTS GROUPS (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 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, 2011:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ending</u> <u>12/31/11</u>
Normal Cost	\$ 375,904
Amortization of UAL	766,446
Interest	-
Annual Required Contribution	<u>1,142,350</u>
Interest on OPEB Obligation	93,805
Adjustment to Annual Required Contribution	<u>(86,263)</u>
OPEB Expense	1,149,892
Net OPEB contributions made during the fiscal year	<u>(722,987)</u>
Net OPEB obligation for the current fiscal year	426,905
Net OPEB obligation at beginning of year	<u>2,084,566</u>
Net OPEB obligation at end of year	<u>\$ 2,511,471</u>
Percentage of expense contributed	62.87%

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

e. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2011, the actuarial accrued liability for benefits was \$18,791,100, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,508,607, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 341.12%. The total post employment health insurance cost to the City for 114 retirees was \$722,987 for the year ended December 31, 2011.

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, 2011 actuarial valuation utilized the entry age normal method. The actuarial assumptions included a 4.5 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 initial healthcare cost trend of 5.2 percent to an ultimate rate 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 amortization period at December 31, 2011 was twenty-eight years.

g. ALLOCATION OF POST EMPLOYMENT BENEFITS

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

Governmental activities:	
General government	\$ 52,588
Public safety	224,683
Transportation	34,473
Economic assistance & opportunity	4,920
Culture and recreation	27,647
Home and community service	<u>8,407</u>
Total governmental activities OPEB expense	352,718
Business-type activities:	
Home and community service	<u>74,187</u>
Total net OPEB expense	<u>\$ 426,905</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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 \$98,793 for the year ended December 31, 2011, and was recorded in the Capital Projects, Water and Sewer Funds. Interest expense capitalized as construction work in progress in the Water and Sewer Funds for the year ended December 31, 2011 was \$66,846 and \$7,842, respectively.

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

	Balance at 01/01/11	Issued	Redeemed	Balance at 12/31/11
<u>Governmental activities:</u>				
BAN maturing 02/09/12 at 1.25%	\$ -	\$ 796,993	\$ -	\$ 796,993
BAN maturing 02/09/12 at 1.25%	-	642,610	-	642,610
Total governmental activities	<u>\$ -</u>	<u>\$ 1,439,603</u>	<u>\$ -</u>	<u>\$ 1,439,603</u>
<u>Business-type activities:</u>				
<u>Water</u>				
BAN maturing 02/09/12 at 1.25%	\$ -	\$ 207,916	\$ -	\$ 207,916
BAN maturing 02/09/12 at 1.25%	-	467,936	-	467,936
BAN maturing 02/09/12 at 1.20%	4,712,568	-	-	4,712,568
Total Water	4,712,568	675,852	-	5,388,420
<u>Sewer</u>				
BAN maturing 05/19/11 at 1.30%	1,050,000	-	1,050,000	-
BAN maturing 05/19/11 at 1.30%	225,000	-	225,000	-
BAN maturing 02/19/12 at 1.25%	-	231,112	-	231,112
BAN maturing 02/19/12 at 1.25%	-	423,461	-	423,461
Total Sewer	<u>1,275,000</u>	<u>654,573</u>	<u>1,275,000</u>	<u>654,573</u>
Total business-type activities	<u>\$ 5,987,568</u>	<u>\$ 1,330,425</u>	<u>\$ 1,275,000</u>	<u>\$ 6,042,993</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 \$817,772 of expenditures for serial bonds interest.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

- 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.), 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 \$43,176 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, 2011:

	<u>Balance</u> <u>01/01/11</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation debt:					
Serial bonds	\$ 8,958,230	\$ 602,500	\$ 1,875,965	\$ 7,684,765	\$ 1,210,765
Plus unamortized premium	-	13,918	994	12,924	1,988
Other liabilities:					
Compensated absences	476,026	60,875	182,625	354,276	35,428
Loan payable	626,000	-	100,000	526,000	100,000
Post-employment benefits	1,738,122	950,064	597,346	2,090,840	-
Installment purchase debt	-	168,286	33,740	134,546	30,622
Total government activities	<u>11,798,378</u>	<u>1,795,643</u>	<u>2,790,670</u>	<u>10,803,351</u>	<u>1,378,803</u>
Business-type activities:					
General obligation debt:					
Serial bonds	23,726,420	2,047,500	2,318,787	23,455,133	1,444,787
Plus unamortized premium	-	19,809	1,415	18,394	2,830
Other liabilities:					
Compensated absences	50,938	5,862	17,585	39,215	3,922
Post-employment benefits	346,444	199,827	125,640	420,631	-
Installment purchase debt	97,139	-	47,706	49,433	49,433
Total business-type activities	<u>24,220,941</u>	<u>2,272,998</u>	<u>2,511,133</u>	<u>23,982,806</u>	<u>1,500,972</u>
Total long-term liabilities	<u>\$ 36,019,319</u>	<u>\$ 4,068,641</u>	<u>\$ 5,301,803</u>	<u>\$ 34,786,157</u>	<u>\$ 2,879,775</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

- 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 12/31/11</u>
Serial bonds payable	03/92	03/01/12	6.10%	\$ 130,000
Serial bonds payable	01/93	05/15/13	3.15%	70,000
Serial bonds payable	12/94	05/15/15	4.80%	380,000
Refunded serial bonds payable	10/11	05/15/18	2.00%-3.00%	1,440,000
Serial bonds payable	07/00	07/15/30	4.26%-5.74%	810,000
Serial bonds payable	05/04	05/15/14	4.20%-4.75%	1,025,000
Serial bonds payable	05/05	05/15/24	3.75%-4.00%	2,545,000
Serial bonds payable	11/05	11/15/17	3.86%-4.25%	280,000
Serial bonds payable	05/07	05/15/21	3.75%-4.00%	2,310,000
Serial bonds payable	11/08	05/27/38	0.00%	12,299,898
Serial bonds payable	05/10	05/15/28	3.25%-4.00%	8,660,000
Serial bonds payable	05/11	05/15/25	3.75%-4.25%	<u>1,190,000</u>
Total serial bonds				31,139,898
Installment purchase debt	06/08	06/01/12	3.62%	49,433
Installment purchase debt	01/11	06/30/15	6.50%	134,546
HUD 108 loan payable	09/06	08/01/17	Various	<u>526,000</u>
Total Indebtedness				<u>\$ 31,849,877</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:

<u>Fiscal Year</u>	<u>Serial Bonds</u>				<u>Loans Payable</u>		<u>Installment Purchase Debt</u>	
	<u>Principal</u>	<u>Premium</u>	<u>Net</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,655,552	\$ 4,818	\$ 2,660,370	\$ 667,485	\$ 100,000	\$ 26,728	\$ 80,055	\$10,681
2013	2,285,552	4,818	2,290,370	577,407	100,000	21,698	32,664	6,849
2014	2,200,552	4,818	2,205,370	513,367	100,000	16,648	34,817	4,696
2015	2,145,552	4,818	2,150,370	451,504	100,000	11,578	36,443	3,071
2016	2,010,552	4,818	2,015,370	394,484	100,000	6,488	-	-
2017-2021	8,527,760	7,228	8,534,988	1,253,217	26,000	1,378	-	-
2022-2026	5,097,760	-	5,097,760	387,569	-	-	-	-
2027-2031	3,027,760	-	3,027,760	34,478	-	-	-	-
2032-2036	2,277,756	-	2,277,756	-	-	-	-	-
2037-2038	<u>911,102</u>	<u>-</u>	<u>911,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,139,898</u>	<u>\$ 31,318</u>	<u>\$31,171,216</u>	<u>\$ 4,279,511</u>	<u>\$ 526,000</u>	<u>\$ 84,518</u>	<u>\$ 183,979</u>	<u>\$25,297</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

- f. Bond issue costs have been capitalized and are being amortized in the government-wide financial statements. The following is a summary of the amortization of those expenses:

	Issue Costs
2012	\$ 7,368
2013	7,368
2014	7,368
2015	7,368
2016	7,368
2017-2018	<u>11,053</u>
	<u>\$ 47,893</u>

On October 13, 2011, the City issued \$1,440,000 of Refunding Bonds, Series 2011 to refund \$1,410,000 of outstanding South Main Street Serial Bonds, Series 1999, and to pay expenses of issuance of the Series 2011 Bonds. The current refunding transaction resulted in a cash flow savings over the next eight years of \$62,113, and a net present value debt service savings of \$59,067.

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 \$193,875 for the year ended December 31, 2011. The following is a schedule of minimum required lease payments for the years subsequent to 2011:

2012	\$ 194,800
2013	<u>195,175</u>
Total	<u>\$ 389,975</u>

C. FUND BALANCES

As of December 31, 2011, 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, 2011, 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, 2011, 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, however, neither were applicable for the year ending December 31, 2011.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

As December 31, 2011, 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	\$ 636,596	\$ -	\$ -	\$ 636,596
Community Development	-	-	4,800,802	4,800,802
<u>Unassigned (deficit):</u>				
General Fund	1,872,794	-	-	1,872,794
Capital Projects	-	(1,443,837)	-	(1,443,837)
Total	<u>\$ 2,509,390</u>	<u>\$ (1,443,837)</u>	<u>\$ 4,800,802</u>	<u>\$ 5,866,355</u>

As of December 31, 2011, 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, 2011 exceeded appropriations in the General Fund for general government employee benefits and bond insurance costs by \$294,644, \$748,815, and \$32,519, respectively, however in total the general fund expenditures were less than appropriations.

B. Deficit Fund Balance

The City reported a deficit fund balance at December 31, 2011 in the Capital Projects Fund in the amount of \$1,443,837. 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.

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)

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

No refunds or assessments, other than periodic premiums, are charged to the participant organizations. In the event that the Plan's assets are not sufficient to meet its liabilities, the deficiency would be built into the Plan's ensuing year's budget. The Plan has established reserve liabilities which provide for current claim expenses. At December 31, 2011, 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 bond anticipation notes in the amount of \$7,597,620 for various projects. A portion of the proceeds of the Notes in the amount of \$7,120,000 along with \$362,596 of available funds will be used to redeem and renew, in part, the two outstanding bond anticipation notes of the City in the aggregate amount of \$7,482,596. In addition, the City authorized the issuance of serial bonds in the amount of \$6,140,000 for the March Creek Sewer Facility upgrades and replacement of equipment.

CITY OF GENEVA, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule of Funding Progress

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

CITY OF GENEVA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Real property taxes	\$ 6,434,095	\$ 6,434,095	\$ 6,349,218	\$ (84,877)
Real property tax items	1,004,550	1,004,550	852,786	(151,764)
Non-property tax items	3,340,020	3,340,020	3,315,372	(24,648)
Departmental income	741,422	741,422	467,016	(274,406)
Intergovernmental charges	-	-	161,210	161,210
Use of money and property	50,482	50,482	193,920	143,438
Licenses and permits	79,116	79,116	60,384	(18,732)
Fines and forfeitures	50,185	50,185	55,142	4,957
Sale of property and compensation for loss	25,000	25,000	33,811	8,811
Miscellaneous local sources	823,778	823,778	386,077	(437,701)
State sources	2,308,467	2,308,467	2,225,171	(83,296)
Total revenues	14,857,115	14,857,115	14,100,107	(757,008)
EXPENDITURES:				
General government	1,949,276	1,949,276	2,243,920	(294,644)
Public safety	6,668,981	6,668,981	6,174,971	494,010
Transportation	1,912,658	1,912,658	1,727,824	184,834
Economic assistance and opportunity	585,580	585,580	237,440	348,140
Culture and recreation	1,206,206	1,206,206	1,142,931	63,275
Home and community services	1,429,881	1,429,881	682,076	747,805
Employee benefits	1,224,591	1,224,591	1,973,406	(748,815)
Debt service:				
Principal	1,555,965	1,555,965	1,438,705	117,260
Interest	427,696	427,696	412,374	15,322
Bond issuance costs	-	-	32,519	(32,519)
Total expenditures	16,960,834	16,960,834	16,066,166	894,668
Excess (deficit) of revenue over expenditures	(2,103,719)	(2,103,719)	(1,966,059)	137,660
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	1,700,017	1,700,017	468,000	(1,232,017)
Premium on bond refunding and bond anticipation notes	-	-	13,918	13,918
Proceeds from bond refunding	-	-	602,500	602,500
Payment for bond refunding	-	-	(571,000)	(571,000)
Appropriated fund balance	403,702	403,702	-	(403,702)
Total other financing sources (uses)	2,103,719	2,103,719	513,418	(1,590,301)
Net change in fund balance	-	-	(1,452,641)	(1,452,641)
Fund balance - beginning of the year	-	-	3,962,031	3,962,031
Fund balance - end of the year	\$ -	\$ -	\$ 2,509,390	\$ 2,509,390