

**AUDITED  
BASIC FINANCIAL STATEMENTS**

# **CITY OF GENEVA, NEW YORK**

---

**DECEMBER 31, 2012**

CITY OF GENEVA, NEW YORK

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Basic Financial Statements:	
Statement of Net Position	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 Position - Enterprise Funds	A6
Statement of Revenues, Expenses and Changes in Net Position - Enterprise Funds	A7
Statement of Cash Flows - Enterprise Funds	A8
Statement of Net Position - Fiduciary Funds	A9
Statement of Changes in Net Position - 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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, New York (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

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

*Freed Maxick CPAs, P.C.*

Batavia, New York  
August 19, 2013

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,709,028	\$ 5,449,762	\$ 8,158,790
Cash and cash equivalents - restricted	-	7,300,925	7,300,925
Certificates of deposit	2,778,762	-	2,778,762
Receivables (net of allowance for uncollectibles)			
Accounts receivable	411,749	1,585,378	1,997,127
Taxes receivable	616,066	-	616,066
Loans receivable	6,543,477	-	6,543,477
State and federal receivables	223,570	-	223,570
Due from other governments	336,213	135,208	471,421
Due from fiduciary fund	108,459	4,592	113,051
Bond issue costs, net	25,550	14,973	40,523
Capital assets not being depreciated	1,061,023	1,833,104	2,894,127
Capital assets, net of accumulated depreciation	30,330,214	39,158,614	69,488,828
Total assets	45,144,111	55,482,556	100,626,667
<b>LIABILITIES AND NET POSITION:</b>			
<b>LIABILITIES:</b>			
Accounts payable	863,423	130,661	994,084
Accrued liabilities	31,090	1,837	32,927
Accrued interest payable	65,054	166,583	231,637
Due to other governments	2,320,000	-	2,320,000
Unearned revenue	3,838,307	-	3,838,307
Other liabilities	18,527	-	18,527
Bond anticipation notes payable	1,837,620	11,900,000	13,737,620
Long-term liabilities:			
Due and payable within one year	1,270,817	1,373,546	2,644,363
Due and payable after one year	11,476,438	21,631,837	33,108,275
Total liabilities	21,721,276	35,204,464	56,925,740
<b>NET POSITION:</b>			
Net investment in capital assets	20,007,148	13,914,199	33,921,347
Restricted for capital projects	849,180	141,514	990,694
Unrestricted	2,566,507	6,222,379	8,788,886
Total net position	\$ 23,422,835	\$ 20,278,092	\$ 43,700,927

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,414,992	\$ 541,800	\$ -	\$ -	(1,873,192)	\$ -	(1,873,192)
Public safety	7,822,827	395,976	-	-	(7,426,851)	-	(7,426,851)
Transportation	3,074,783	49,932	-	329,545	(2,695,306)	-	(2,695,306)
Economic assistance and opportunity	521,139	90,749	-	-	(430,390)	-	(430,390)
Culture and recreation	1,944,703	265,092	-	-	(1,679,611)	-	(1,679,611)
Home and community services	1,623,651	191,534	81,221	-	(1,350,896)	-	(1,350,896)
Interest on debt	428,393	-	-	-	(428,393)	-	(428,393)
Total governmental activities	17,830,488	1,535,083	81,221	329,545	(15,884,639)	-	(15,884,639)
<b>Business-type activities:</b>							
Sewer	3,383,059	3,863,146	-	-	-	480,087	480,087
Water	2,429,099	2,997,613	-	-	-	568,514	568,514
Total business-type activities	5,812,158	6,860,759	-	-	-	1,048,601	1,048,601
Total governmental and business-type activities	\$ 23,642,646	\$ 8,395,842	\$ 81,221	\$ 329,545	(15,884,639)	1,048,601	(14,836,038)
<b>General revenues:</b>							
Real property taxes and real property tax items					6,807,118	-	6,807,118
Non-property taxes					3,494,152	-	3,494,152
Interest earnings					100,767	29,477	130,244
State and federal aid not restricted for a specific purpose					3,053,149	-	3,053,149
Other miscellaneous revenues					364,128	59,099	423,227
Premium on bond anticipation notes					14,352	55,845	70,197
Loss on sale of capital assets					(73)	-	(73)
Transfers					300,000	(300,000)	-
Total general revenues and transfers					14,133,593	(155,579)	13,978,014
Change in net position					(1,751,046)	893,022	(858,024)
Net position - beginning					25,173,881	19,385,070	44,558,951
Net position - ending					\$ 23,422,835	\$ 20,278,092	\$ 43,700,927

See notes to basic financial statements.  
A2

**CITY OF GENEVA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	General	Community Development	Capital Projects	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,409,743	\$ 1,280,502	\$ 18,783	\$ 2,709,028
Certificates of deposit	1,637,152	1,141,610	-	2,778,762
Receivables (net of allowance for uncollectibles)				
Accounts receivable	411,749	-	-	411,749
Taxes receivable	616,066	-	-	616,066
Loans receivable	-	6,543,477	-	6,543,477
State and federal receivables	-	-	223,570	223,570
Due from other funds	124,624	-	-	124,624
Due from other governments	336,213	-	-	336,213
Total assets	\$ 4,535,547	\$ 8,965,589	\$ 242,353	\$ 13,743,489
 <b>LIABILITIES:</b>				
Accounts payable	\$ 175,643	\$ 241,511	\$ 446,269	\$ 863,423
Accrued liabilities	31,090	-	-	31,090
Bond anticipation notes payable	-	-	1,837,620	1,837,620
Due to other funds	16,165	-	-	16,165
Due to other governments	-	2,320,000	-	2,320,000
Unearned revenue	1,793,195	2,045,112	-	3,838,307
Other liabilities	18,527	-	-	18,527
Compensated absences	4,371	-	-	4,371
Total liabilities	2,038,991	4,606,623	2,283,889	8,929,503
 <b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred tax revenue	512,422	-	-	512,422
Total deferred inflows of resources	512,422	-	-	512,422
 <b>FUND BALANCES:</b>				
Restricted	905,836	4,358,966	-	5,264,802
Assigned	32,500	-	-	32,500
Unassigned (deficit)	1,045,798	-	(2,041,536)	(995,738)
Total fund balances (deficit)	1,984,134	4,358,966	(2,041,536)	4,301,564
Total liabilities, deferred inflows of resources and fund balances	\$ 4,535,547	\$ 8,965,589	\$ 242,353	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,391,237
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.	(12,807,938)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	512,422
Unamortized costs associated with the issuance of bonds are an asset in the statement of net position and are an expense in the governmental funds in the year the bonds are issued.	25,550
<b>Net position</b>	<b>\$ 23,422,835</b>

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Real property taxes	\$ 6,763,689	\$ -	\$ -	\$ 6,763,689
Real property tax items	486,133	-	-	486,133
Sales and other taxes	3,494,152	-	-	3,494,152
Departmental income	565,285	-	-	565,285
Intergovernmental charges	371,203	90,749	-	461,952
Use of money and property	266,120	77,516	2	343,638
Licenses and permits	102,046	-	-	102,046
Fines and forfeitures	51,807	-	-	51,807
Sale of property and compensation for loss	138,978	-	-	138,978
Miscellaneous local sources	232,313	97,181	6,778	336,272
State and federal sources	2,806,893	411,017	246,005	3,463,915
Total revenues	<u>15,278,619</u>	<u>676,463</u>	<u>252,785</u>	<u>16,207,867</u>
<b>EXPENDITURES:</b>				
General government	2,024,057	-	2,497,706	4,521,763
Public safety	6,111,882	-	948,276	7,060,158
Transportation	1,542,935	-	623,898	2,166,833
Economic assistance and opportunity	291,317	217,367	-	508,684
Culture and recreation	1,398,336	-	-	1,398,336
Home and community services	659,871	900,932	8,809	1,569,612
Employee benefits	2,076,528	-	-	2,076,528
Debt service:				
Principal	1,572,081	-	-	1,572,081
Interest	426,868	-	-	426,868
Total expenditures	<u>16,103,875</u>	<u>1,118,299</u>	<u>4,078,689</u>	<u>21,300,863</u>
Deficit of revenues over expenditures	(825,256)	(441,836)	(3,825,904)	(5,092,996)
<b>OTHER FINANCING SOURCES:</b>				
Interfund transfers in	300,000	-	-	300,000
Premium on bond anticipation notes	-	-	14,352	14,352
Proceeds from installment purchase debt	-	-	3,134,250	3,134,250
Bond anticipation notes redeemed from appropriation	-	-	79,603	79,603
Total other financing sources	<u>300,000</u>	<u>-</u>	<u>3,228,205</u>	<u>3,528,205</u>
Net change in fund balances	(525,256)	(441,836)	(597,699)	(1,564,791)
Fund balances - beginning	<u>2,509,390</u>	<u>4,800,802</u>	<u>(1,443,837)</u>	<u>5,866,355</u>
Fund balances (deficit) - ending	<u>\$ 1,984,134</u>	<u>\$ 4,358,966</u>	<u>\$ (2,041,536)</u>	<u>\$ 4,301,564</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, 2012

Net change in fund balances - total governmental funds	\$ (1,564,791)
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 (\$5,538,850) excluding construction work in progress placed in service (\$1,455,875) exceeded depreciation (\$1,872,323) in the current period.	2,210,652
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 position.	(3,132,262)
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 position. This is the amount of debt repayments made in the current period.	1,492,478
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.	(442,704)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(73)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.	1,133
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.	(576)
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.	(310,257)
Costs associated with the issuance of bonds are an asset in the statement of net position and are an expense in the governmental funds in the year the bonds are issued. These costs are amortized over the term of the bonds.	(4,646)
Change in net position of governmental activities	\$ <u>(1,751,046)</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION - ENTERPRISE FUNDS**  
**DECEMBER 31, 2012**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,939,898	\$ 2,509,864	\$ 5,449,762
Cash and cash equivalents - restricted	5,349,523	1,951,402	7,300,925
Accounts receivable	816,297	769,081	1,585,378
Due from other funds	2,094	5,774	7,868
Due from other governments	135,208	-	135,208
Bond issue costs, net	10,121	4,852	14,973
Capital assets not being depreciated	1,771,952	61,152	1,833,104
Capital assets, net of accumulated depreciation	25,169,888	13,988,726	39,158,614
Total assets	<u>\$ 36,194,981</u>	<u>\$ 19,290,851</u>	<u>\$ 55,485,832</u>
<b>LIABILITIES AND NET POSITION:</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 95,403	\$ 35,258	\$ 130,661
Accrued liabilities	1,683	154	1,837
Due to other funds	3,276	-	3,276
Accrued interest payable	66,503	100,080	166,583
Bond anticipation notes payable	6,760,000	5,140,000	11,900,000
Long-term liabilities:			
Due and payable within one year	1,041,939	331,607	1,373,546
Due and payable after one year	17,646,901	3,984,936	21,631,837
Total liabilities	<u>25,615,705</u>	<u>9,592,035</u>	<u>35,207,740</u>
<b>NET POSITION:</b>			
Net investments in capital assets	7,159,910	6,754,289	13,914,199
Restricted for capital projects	49,152	92,362	141,514
Unrestricted	3,370,214	2,852,165	6,222,379
Total net position	<u>10,579,276</u>	<u>9,698,816</u>	<u>20,278,092</u>
Total liabilities and net position	<u>\$ 36,194,981</u>	<u>\$ 19,290,851</u>	<u>\$ 55,485,832</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,863,146	\$ 2,997,613	\$ 6,860,759
Other operating revenues	44,767	14,332	59,099
Total operating revenues	<u>3,907,913</u>	<u>3,011,945</u>	<u>6,919,858</u>
<b>OPERATING EXPENSES:</b>			
Salaries, wages and employee benefits	1,177,300	974,865	2,152,165
Contractual expense	852,542	605,965	1,458,507
Depreciation	1,080,714	630,682	1,711,396
Total operating expenses	<u>3,110,556</u>	<u>2,211,512</u>	<u>5,322,068</u>
Operating income	<u>797,357</u>	<u>800,433</u>	<u>1,597,790</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	13,997	15,480	29,477
Interest expense	(272,503)	(217,587)	(490,090)
Premium on bond anticipation notes	51,003	4,842	55,845
Transfers to other funds	(62,000)	(238,000)	(300,000)
Total non-operating expenses	<u>(269,503)</u>	<u>(435,265)</u>	<u>(704,768)</u>
Change in net position	527,854	365,168	893,022
Net position - beginning	<u>10,051,422</u>	<u>9,333,648</u>	<u>19,385,070</u>
Net position - ending	<u>\$ 10,579,276</u>	<u>\$ 9,698,816</u>	<u>\$ 20,278,092</u>

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Sewer	Water	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 3,853,939	\$ 2,842,466	\$ 6,696,405
Cash payments for contractual expenses	(426,202)	(633,811)	(1,060,013)
Cash payments to employees for services	(1,158,280)	(941,765)	(2,100,045)
Other operating revenues	44,767	14,332	59,099
Net cash provided by operating activities	2,314,224	1,281,222	3,595,446
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers to other funds	(62,000)	(238,000)	(300,000)
Net cash used by noncapital financing activities	(62,000)	(238,000)	(300,000)
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition and construction of capital assets	(1,669,607)	(454,440)	(2,124,047)
Principal payments on debt	(1,124,861)	(676,030)	(1,800,891)
Interest paid on debt	(251,843)	(215,880)	(467,723)
Premium on bond anticipation notes	51,003	4,842	55,845
Proceeds from debt issuance	6,260,387	370,798	6,631,185
Net cash provided (used) by capital and related financing activities	3,265,079	(970,710)	2,294,369
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest on cash and investments	13,997	15,480	29,477
Net cash provided by investing activities	13,997	15,480	29,477
Net increase in cash and cash equivalents	5,531,300	87,992	5,619,292
Cash and cash equivalents - beginning	2,758,121	4,373,274	7,131,395
Cash and cash equivalents - ending	\$ 8,289,421	\$ 4,461,266	\$ 12,750,687
Reconciliation of income from operations			
to net cash provided by operating activities:			
Income from operations	\$ 797,357	\$ 800,433	\$ 1,597,790
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	1,080,714	630,682	1,711,396
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(9,207)	(155,147)	(164,354)
Due from other funds	(2,094)	(2,498)	(4,592)
Due from other governments	389,429	-	389,429
Increase (decrease) in:			
Accounts payable	39,148	(25,502)	13,646
Accrued liabilities	(143)	154	11
Post employment benefits	19,020	33,100	52,120
Net cash provided by operating activities	\$ 2,314,224	\$ 1,281,222	\$ 3,595,446

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION- FIDUCIARY FUNDS**  
**DECEMBER 31, 2012**

	<b>Private Purpose Trusts</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 294,631
Cash and cash equivalents - restricted	19,984	-
Certificates of deposit	-	19,622
Due from other funds	-	15,473
 Total assets	 \$ 19,984	 \$ 329,726
 <b>LIABILITIES AND NET POSITION:</b>		
<b>LIABILITIES:</b>		
Agency liabilities	\$ -	\$ 201,202
Due to other funds	-	128,524
 Total liabilities	 -	 329,726
 <b>NET POSITION:</b>		
Reserved for cemetery operations	19,984	-
 Total liabilities and net position	 \$ 19,984	 \$ 329,726

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Private Purpose Trusts</b>
Net position - beginning	\$ <u>19,984</u>
Net position - ending	\$ <u><u>19,984</u></u>

See notes to basic financial statements.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Geneva, New York (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, except as otherwise noted. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. FINANCIAL REPORTING ENTITY**

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

The accompanying basic financial statements include only the operations of the City, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the City.

In March 2010, the City of Geneva incorporated the City of Geneva 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, 2012 the only financial activity under the Corporation is related to legal and administrative expenses.

JOINT VENTURES - The City participates in various joint ventures with other local municipalities for the purpose of providing intermunicipal services. These activities are excluded from the financial statements of all participating municipalities.

**B. BASIS OF PRESENTATION**

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. The statements distinguish between governmental and business-type activities. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the recipients of goods or services offered by the City, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

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

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

**2. FUND FINANCIAL STATEMENTS**

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

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

Major Governmental Funds

- a. General Fund - the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Community Development Fund - used to account for community development block grants and other federal grants not required to be accounted for in other funds.
- c. Capital Projects Fund - used to account for and report financial resources to be used in the acquisition, construction or renovation of major capital facilities or equipment.

Proprietary Funds

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

Fiduciary Fund Types

Fiduciary Fund Types include Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Funds and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments.

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water and treatment of wastewater for the Water and Sewer Funds. Operating expenses for the proprietary funds include the cost of sales and services, personnel services, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. PROPERTY TAXES**

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

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

The City is permitted by the New York State Constitution to levy taxes up to 2% of the most recent 5-year average full valuation of taxable real property. Taxes for principal and interest on long-term debt and for budgetary appropriations for capital outlay are excludable. The City is at 33.57% of its constitutional tax limit.

**E. BUDGETARY DATA**

1. **BUDGET POLICIES** - The City Manager prepares a budget for approval by City Council. City Council holds at least one public hearing on the proposed budget. The City Council adopts a final budget based upon the proposed budget plus any modifications. Appropriations established by the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Expenditures may not exceed appropriations, which lapse at the end of the fiscal year. Subsequent transfers or adjustment in the approved budget may be made only by the City Council or, in certain limited circumstances by the City Manager.
2. **BUDGET BASIS OF ACCOUNTING** - Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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

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

F. CASH AND CASH EQUIVALENTS

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

G. RESTRICTED ASSETS

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond or bond anticipation note (BAN) sales can only be used for the stated purpose of the borrowing and are restricted specifically for that purpose.

H. RECEIVABLES

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

I. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds."

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental, enterprise, and fiduciary activities). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in Note 2., A., 4.

J. CAPITAL ASSETS

Government-wide financial statements

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 2,000	straight-line	10-50 years
Buildings	50,000	straight-line	25-50 years
Building and site improvements	50,000	straight-line	10-50 years
Infrastructure	100,000	straight-line	25-50 years
Furniture and equipment	5,000	straight-line	3-20 years
Vehicles	20,000	straight-line	5-10 years

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

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

Fund financial statements

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

**K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows as of December 31, 2012.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. It is deferred tax revenue and is reported only in the governmental fund balance sheet.

**L. INSURANCE**

The City has purchased a commercial insurance policy in the amount of \$5,000,000 against liability for most risk including, but not limited to, property damage and personal injury liability. The City assumes the liability for amounts in excess of the commercial coverage. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**M. UNEARNED REVENUE**

The City reports unearned revenue on its combined balance sheet. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources received by the City before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2012, unearned revenue in the General Fund consisted of unearned state aid of \$1,793,195. Unearned revenue in the Community Development fund consisted of unearned federal grant funds. (See Note 2., A., 2).

**N. COMPENSATED ABSENCES**

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

**O. LONG-TERM LIABILITIES**

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

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

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

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

**P. POST EMPLOYMENT BENEFITS**

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

**Q. INTERFUND TRANSFERS**

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

**R. FUND EQUITY**

**Government-wide financial statements**

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

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

**Fund financial statements**

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

**S. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

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

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

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

**T. NEW ACCOUNTING PRONOUNCEMENTS**

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net position applicable to future periods) and deferred inflows of resources (acquisition of net position applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in capital assets, restricted and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The City adopted the provisions of the statement in 2012 on a retroactive basis by renaming certain balance sheet elements for all periods presented. The adoption of GASB Statement No. 63 did not materially affect the City's financial statements.

Additionally, during the year ended December 31, 2012, the City completed the process of evaluating the impact that will result from adopting GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, effective for the year ending December 31, 2012. GASB Statements No. 57, 60, 62 and 64 did not have a material impact on the City's financial position or results from operations.

The GASB has issued the following new statements:

- 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 December 31, 2013;
- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending December 31, 2013;
- *Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and 62, which will be effective for the year ending December 31, 2013;*
- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which will be effective for the year ending December 31, 2014;
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015;
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for the year ending December 31, 2014.

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.

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

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

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, 2012.

**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.

**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, 2012 under both programs amounted to \$7,102,948, against which an allowance of \$559,471 for uncollectible loans has been recorded.

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

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

Unearned revenue of \$2,045,112 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, 2012, include the following:

<u>General Fund:</u>	
School Resource Officer	\$ 100,936
Occupancy tax	38,019
Franchise fees	84,815
Police and court security	81,419
Miscellaneous receivables	<u>106,560</u>
Total accounts receivable	<u>\$ 411,749</u>
Taxes receivable current	\$ 178,698
Taxes receivable overdue	192,305
City School taxes receivable	192,290
Property acquired for taxes	170,076
Allowance for uncollectible taxes	<u>(117,303)</u>
Total taxes receivable	<u>\$ 616,066</u>
Sales tax	\$ 327,750
Miscellaneous receivables	<u>8,463</u>
Total due from other governments	<u>\$ 336,213</u>
<u>Community Development Fund:</u>	
Loans receivable	\$ 7,102,948
Allowance for receivables	<u>(559,471)</u>
Total loans receivable	<u>\$ 6,543,477</u>
<u>Capital Projects:</u>	
CHIPS	<u>\$ 223,570</u>
<u>Water:</u>	
Water rents receivable	\$ 25,751
Unbilled receivables	<u>743,330</u>
Total accounts receivable	<u>\$ 769,081</u>
<u>Sewer:</u>	
Sewer rents receivable	\$ 53,309
Unbilled receivables	762,739
Miscellaneous receivables	<u>249</u>
Total accounts receivable	<u>\$ 816,297</u>
Town of Waterloo	<u>\$ 135,208</u>

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

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

4. INTERFUND ACTIVITY

Interfund activities at December 31, 2012 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ 124,624	\$ 16,165	\$ 300,000	\$ -
Sewer Fund	2,094	3,276	-	62,000
Water Fund	5,774	-	-	238,000
Agency Fund	15,473	128,524	-	-
Total	<u>\$ 147,965</u>	<u>\$ 147,965</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

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

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 01/01/12	Additions	Disposals	Balance 12/31/12
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 760,010	\$ -	\$ -	\$ 760,010
Construction work in progress	<u>1,543,328</u>	<u>213,560</u>	<u>1,455,875</u>	<u>301,013</u>
Total capital assets, not being depreciated	<u>2,303,338</u>	<u>213,560</u>	<u>1,455,875</u>	<u>1,061,023</u>
Capital assets, being depreciated:				
Land improvements	46,448	-	-	46,448
Buildings	10,795,321	-	-	10,795,321
Vehicles & equipment	6,611,255	702,427	133,165	7,180,517
Infrastructure	<u>28,545,212</u>	<u>4,622,863</u>	<u>-</u>	<u>33,168,075</u>
Total capital assets, being depreciated	<u>45,998,236</u>	<u>5,325,290</u>	<u>133,165</u>	<u>51,190,361</u>
Less accumulated depreciation				
Land improvements	8,128	2,322	-	10,450
Buildings	5,950,900	906,395	-	6,857,295
Vehicles & equipment	4,780,780	235,999	133,092	4,883,687
Infrastructure	<u>8,381,108</u>	<u>727,607</u>	<u>-</u>	<u>9,108,715</u>
Total accumulated depreciation	<u>19,120,916</u>	<u>1,872,323</u>	<u>133,092</u>	<u>20,860,147</u>
Total capital assets, being depreciated, net	<u>26,877,320</u>	<u>3,452,967</u>	<u>73</u>	<u>30,330,214</u>
Governmental activities capital assets, net	<u>\$ 29,180,658</u>	<u>\$ 3,666,527</u>	<u>\$ 1,445,948</u>	<u>\$ 31,391,237</u>

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

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

	<u>Balance</u> <u>01/01/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/12</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 350,547	\$ -	\$ -	\$ 350,547
Construction work in progress	<u>1,241,082</u>	<u>1,498,903</u>	<u>1,257,428</u>	<u>1,482,557</u>
Total capital assets, not being depreciated	<u>1,591,629</u>	<u>1,498,903</u>	<u>1,257,428</u>	<u>1,833,104</u>
Capital assets, being depreciated:				
Buildings	5,733,199	-	-	5,733,199
Vehicles & equipment	7,068,885	126,834	-	7,195,719
Infrastructure	<u>43,492,134</u>	<u>1,755,738</u>	-	<u>45,247,872</u>
Total capital assets, being depreciated	<u>56,294,218</u>	<u>1,882,572</u>	-	<u>58,176,790</u>
Less accumulated depreciation				
Buildings	2,806,578	321,908	-	3,128,486
Vehicles & equipment	6,393,252	606,836	-	7,000,088
Infrastructure	<u>8,106,950</u>	<u>782,652</u>	-	<u>8,889,602</u>
Total accumulated depreciation	<u>17,306,780</u>	<u>1,711,396</u>	-	<u>19,018,176</u>
Total capital assets being depreciated, net	<u>38,987,438</u>	<u>171,176</u>	-	<u>39,158,614</u>
Business-type activities capital assets, net	<u>\$ 40,579,067</u>	<u>\$ 1,670,079</u>	<u>\$ 1,257,428</u>	<u>\$ 40,991,718</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 71,042
Public safety	130,973
Transportation	1,202,808
Economic assistance and opportunity	276
Culture and recreation	467,156
Home and community service	<u>68</u>
Total governmental activities depreciation expense	1,872,323
Business-type activities:	
Home and community service	<u>1,711,396</u>
Total depreciation expense	<u>\$ 3,583,719</u>

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

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

**B. LIABILITIES**

**1. PENSION PLANS**

**PLAN DESCRIPTIONS**

The City of Geneva participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer, public employee retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

**FUNDING POLICY**

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

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

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 797,221	\$ 942,711
2011	623,050	788,251
2010	485,074	608,584

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, 2012 and received an overall discount of \$7,174 and \$8,484 for ERS and PFRS, respectively.

**2. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**a. PLAN DESCRIPTION**

The City of Geneva, New York (the City), administers the City of Geneva Retiree Medical, Dental and Life Insurance Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical, dental and life insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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

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

b. FUNDING POLICY

The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the City.

c. ACCOUNTING POLICY

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

d. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Retiree Health Plan at December 31, 2012:

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ending</u> <u>12/31/12</u>
Normal Cost	\$ 375,904
Amortization of UAL	766,446
Interest	-
Annual Required Contribution	<u>1,142,350</u>
Interest on OPEB Obligation	113,016
Adjustment to Annual Required Contribution	<u>(103,929)</u>
OPEB Expense	1,151,437
Net OPEB contributions made during the fiscal year	<u>(789,060)</u>
Net OPEB obligation for the current fiscal year	362,377
Net OPEB obligation at beginning of year	<u>2,511,471</u>
Net OPEB obligation at end of year	<u>\$ 2,873,848</u>
 Percentage of expense contributed	 68.5%

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 \$789,060 for the year ended December 31, 2012.

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

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

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

f. **METHODS AND ASSUMPTIONS**

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

The December 31, 2011 actuarial valuation, with a valuation date of January 1, 2011, utilized the entry age actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the City's own assets, and an annual healthcare cost trend of 4.2 percent initially. 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 remaining amortization period is twenty-seven years.

3. **SHORT-TERM DEBT**

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

Interest expenditures for short-term debt are recognized on an accrual basis, when amounts become due and payable. Interest expense for short-term debt amounted to \$124,874 for the year ended December 31, 2012, and was recorded in the Capital Projects, Water and Sewer Funds.

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

	Balance at <u>01/01/12</u>	<u>Issued</u>	<u>Redeemed</u>	Balance at <u>12/31/12</u>
<b><u>Governmental activities:</u></b>				
BAN maturing 02/07/13 at 1.5%	\$ 796,993	\$ -	\$ 41,993	\$ 755,000
BAN maturing 02/07/13 at 1.5%	642,610	-	37,610	605,000
BAN maturing 02/07/13 at 1.5%	-	<u>477,620</u>	-	<u>477,620</u>
Total governmental activities	<u>\$ 1,439,603</u>	<u>\$ 477,620</u>	<u>\$ 79,603</u>	<u>\$ 1,837,620</u>

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

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

Business-type activities:

<u>Water</u>					
BAN maturing 02/07/13 at 1.5%	\$ 207,916	\$ -	\$ 12,916	\$ 195,000	
BAN maturing 02/07/13 at 1.5%	467,936	-	22,936	445,000	
BAN maturing 02/07/13 at 1.5%	<u>4,712,568</u>	-	<u>212,568</u>	<u>4,500,000</u>	
Total Water	5,388,420	-	248,420	5,140,000	
 <u>Sewer</u>					
BAN maturing 02/07/13 at 1.25%	-	6,140,000	-	6,140,000	
BAN maturing 02/07/13 at 1.5%	231,112	-	11,112	220,000	
BAN maturing 02/07/13 at 1.5%	<u>423,461</u>	-	<u>23,461</u>	<u>400,000</u>	
Total Sewer	<u>654,573</u>	<u>6,140,000</u>	<u>34,573</u>	<u>6,760,000</u>	
 Total business-type activities	 <u>\$ 6,042,993</u>	 <u>\$ 6,140,000</u>	 <u>\$ 282,993</u>	 <u>\$ 11,900,000</u>	

4. LONG-TERM LIABILITIES

- a. SERIAL BONDS - The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the City. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. During the current year, the City recognized \$631,615 of expenditures for serial bonds interest.
- b. OTHER LONG-TERM LIABILITIES - In addition to the above long-term liabilities, the City had a non-current liability for compensated absences, (see Note 1., M.) which represents the value of the earned and unused portion of the liability for compensated absences, post employment benefits (Note 1., O.), installment purchase debt, and a HUD 108 Loan Payable, which are payments owed to the Department of Housing and Urban Development. During the current year, the City recognized \$190,771 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, 2012:

	<u>Balance</u> <u>01/01/12</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation debt:					
Serial bonds	\$ 7,684,765	\$ -	\$ 1,210,765	\$ 6,474,000	\$ 943,500
Plus unamortized premium	12,924	-	1,988	10,936	1,988
Other liabilities:					
Compensated absences	354,276	3,069	9,206	348,139	34,814
Loan payable	526,000	-	100,000	426,000	100,000
Post-employment benefits	2,090,840	985,828	675,571	2,401,097	-
Installment purchase debt	<u>134,546</u>	<u>3,134,250</u>	<u>181,713</u>	<u>3,087,083</u>	<u>190,515</u>
Total government activities	<u>10,803,351</u>	<u>4,123,147</u>	<u>2,179,243</u>	<u>12,747,255</u>	<u>1,270,817</u>

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

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

Business-type activities:					
General obligation debt:					
Serial bonds	23,455,133	-	1,444,787	22,010,346	1,342,052
Plus unamortized premium	18,394	-	2,830	15,564	2,830
Other liabilities:					
Compensated absences	39,215	2,720	2,720	39,215	3,926
Post-employment benefits	420,631	165,609	113,489	472,751	-
Installment purchase debt	<u>49,433</u>	<u>491,185</u>	<u>73,111</u>	<u>467,507</u>	<u>24,738</u>
Total business-type activities	<u>23,982,806</u>	<u>659,514</u>	<u>1,636,937</u>	<u>23,005,383</u>	<u>1,373,546</u>
Total long-term liabilities	<u>\$ 34,786,157</u>	<u>\$ 4,782,661</u>	<u>\$ 3,816,180</u>	<u>\$ 35,752,638</u>	<u>\$ 2,644,363</u>

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

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Outstanding at 12/31/12</u>
Serial bonds payable	01/93	05/15/13	3.15%	\$ 35,000
Serial bonds payable	12/94	05/15/15	4.80%	290,000
Refunded serial bonds payable	10/11	05/15/18	2.00%-3.00%	1,000,000
Serial bonds payable	07/00	07/15/30	4.26%-5.74%	725,000
Serial bonds payable	05/04	05/15/14	4.20%-4.75%	915,000
Serial bonds payable	05/05	05/15/24	3.75%-4.00%	2,230,000
Serial bonds payable	11/05	11/15/17	3.86%-4.25%	150,000
Serial bonds payable	05/07	05/15/21	3.75%-4.00%	2,070,000
Serial bonds payable	11/08	05/27/38	0.00%	11,844,346
Serial bonds payable	05/10	05/15/28	3.25%-4.00%	8,120,000
Serial bonds payable	05/11	05/15/25	3.75%-4.25%	<u>1,105,000</u>
Total serial bonds				28,484,346
Installment purchase debt	01/11	01/14/26	4.474%	3,450,666
Installment purchase debt	01/11	06/30/15	6.50%	103,924
HUD 108 loan payable	09/06	08/01/17	Various	<u>426,000</u>
Total Indebtedness				<u>\$ 32,464,936</u>

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

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

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

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

Fiscal Year	Serial Bonds				Loans Payable		Installment Purchase Debt	
	Principal	Premium	Net	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,285,552	\$ 4,818	\$ 2,290,370	\$ 577,407	\$ 100,000	\$ 21,698	\$ 215,253	\$ 161,243
2014	2,200,552	4,818	2,205,370	513,367	100,000	16,648	225,575	150,920
2015	2,145,552	4,818	2,150,370	451,504	100,000	11,578	235,736	140,760
2016	2,010,552	4,818	2,015,370	394,484	100,000	6,488	208,210	128,772
2017	1,855,552	4,818	1,860,370	343,405	26,000	1,378	217,526	119,456
2018-2022	8,002,760	2,410	8,005,170	1,035,768	-	-	1,242,630	442,280
2023-2027	4,572,760	-	4,572,760	283,974	-	-	1,209,660	138,270
2028-2032	2,677,760	-	2,677,760	12,117	-	-	-	-
2033-2037	2,277,755	-	2,277,755	-	-	-	-	-
2038	455,551	-	455,551	-	-	-	-	-
<b>Total</b>	<b>\$ 28,484,346</b>	<b>\$ 26,500</b>	<b>\$ 28,510,846</b>	<b>\$ 3,612,026</b>	<b>\$ 426,000</b>	<b>\$ 57,790</b>	<b>\$ 3,554,590</b>	<b>\$ 1,281,701</b>

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
2013	\$ 7,368
2014	7,368
2015	7,368
2016	7,368
2017	7,368
2018	3,683
	<u>\$ 40,523</u>

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 \$194,800 for the year ended December 31, 2012. The following is a schedule of minimum required lease payments for the years subsequent to 2012:

2013	\$ <u>195,175</u>
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C. FUND BALANCES

As of December 31, 2012, 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, 2012, 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, 2012, the City had no committed fund balances.

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

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

Assigned - amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The assigned category includes funds encumbered and appropriation of fund balances. The City did not have any encumbrances as of December 31, 2012.

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, 2012, 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	\$ 648,951	\$ -	\$ -	\$ 648,951
Debt Reserve	200,229	-	-	200,229
Other	56,656	-	-	56,656
Community Development	-	-	4,358,966	4,358,966
<u>Assigned</u>				
Subsequent years' expenditures	32,500	-	-	32,500
<u>Unassigned (deficit):</u>				
General Fund	1,045,798	-	-	1,045,798
Capital Projects	-	<u>(2,041,536)</u>	-	<u>(2,041,536)</u>
Total	<u>\$ 1,984,134</u>	<u>\$ (2,041,536)</u>	<u>\$ 4,358,966</u>	<u>\$ 4,301,564</u>

As of December 31, 2012, 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, 2012 exceeded appropriations in the General Fund for general government, public safety, economic assistance, culture and recreation, home and community services, debt principal and debt interest by \$593,228, \$559,167, \$266,317, \$336, \$263,429, \$291,213 and \$154,483, respectively. Total expenditures exceeded appropriations for the fiscal year ended December 31, 2012.

B. Deficit Fund Balance

The City reported a deficit fund balance at December 31, 2012 in the Capital Projects Fund in the amount of \$2,041,536. The deficit will be eliminated through permanent financing and permanent transfers from the General Fund.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

A. RISK FINANCING AND RELATED INSURANCE

Workers' Compensation Plan

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

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

**NOTE 4 - COMMITMENTS AND CONTINGENCIES (Continued)**

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

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, 2012, 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 \$913,000 for various park improvements at an interest rate of 1.00% and a maturity date of April 2014. The City also renewed a bond anticipation note in February 2013 for various projects. The bond anticipation note was in the amount of \$13,165,000 with an interest rate of 1.50% and maturity date of February 2014.

**CITY OF GENEVA, NEW YORK**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<u>18,791,100</u>	<u>19,198,213</u>	<u>31,332,022</u>
4. Funded Ratio (2. divided by 1.)	0.00%	0.00%	0.00%
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

	<u>Fiscal Year Ending</u>
December 31, 2008	\$ 910,969
December 31, 2009	719,450
December 31, 2010	983,045
December 31, 2011	722,987
December 31, 2012	789,060

**CITY OF GENEVA, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Real property taxes	\$ 6,300,000	\$ 6,300,000	\$ 6,763,689	\$ 463,689
Real property tax items	962,379	962,379	486,133	(476,246)
Non-property tax items	3,085,000	3,085,000	3,494,152	409,152
Departmental income	570,000	570,000	565,285	(4,715)
Intergovernmental charges	-	-	371,203	371,203
Use of money and property	55,500	55,500	266,120	210,620
Licenses and permits	121,000	121,000	102,046	(18,954)
Fines and forfeitures	55,000	55,000	51,807	(3,193)
Sale of property and compensation for loss	5,000	5,000	138,978	133,978
Miscellaneous local sources	1,377,000	1,377,000	232,313	(1,144,687)
State sources	2,257,500	2,257,500	2,806,893	549,393
	<u>14,788,379</u>	<u>14,788,379</u>	<u>15,278,619</u>	<u>490,240</u>
<b>EXPENDITURES:</b>				
General government	1,430,829	1,430,829	2,024,057	(593,228)
Public safety	5,552,715	5,552,715	6,111,882	(559,167)
Transportation	1,863,154	1,863,154	1,542,935	320,219
Economic assistance and opportunity	25,000	25,000	291,317	(266,317)
Culture and recreation	1,398,000	1,398,000	1,398,336	(336)
Home and community services	396,442	396,442	659,871	(263,429)
Employee benefits	2,868,986	2,868,986	2,076,528	792,458
Debt service:				
Principal	1,280,868	1,280,868	1,572,081	(291,213)
Interest	272,385	272,385	426,868	(154,483)
	<u>15,088,379</u>	<u>15,088,379</u>	<u>16,103,875</u>	<u>(1,015,496)</u>
Excess (deficit) of revenue over expenditures	(300,000)	(300,000)	(825,256)	(525,256)
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers in	300,000	300,000	300,000	-
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	-	-	(525,256)	(525,256)
Fund balance - beginning	-	-	2,509,390	2,509,390
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,984,134</u>	<u>\$ 1,984,134</u>