

**AUDITED
BASIC FINANCIAL STATEMENTS**

CITY OF GENEVA, NEW YORK

DECEMBER 31, 2016

CITY OF GENEVA, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the remaining aggregate fund information of the City of Geneva, New York (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the remaining aggregate fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Freed Maxick CPAs, P.C.

Batavia, New York
August 24, 2017

**CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,939,266	\$ 1,885,302	\$ 4,824,568
Cash and cash equivalents - restricted	2,916,088	8,379,887	11,295,975
Certificates of deposit	938,425	-	938,425
Receivables (net of allowance for uncollectible receivables)			
Accounts receivable	371,183	2,208,485	2,579,668
Taxes receivable	702,723	-	702,723
Loans receivable	2,640,627	-	2,640,627
State and federal receivables	452,529	-	452,529
Due from other governments	365,211	-	365,211
Due from fiduciary fund	94,273	-	94,273
Prepaid items	350,700	68,925	419,625
Capital assets not being depreciated	6,042,182	4,491,782	10,533,964
Capital assets, net of accumulated depreciation	31,148,926	40,695,681	71,844,607
Total assets	48,962,133	57,730,062	106,692,195
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	7,138,981	1,325,164	8,464,145
Deferred outflows of resources	7,138,981	1,325,164	8,464,145
LIABILITIES			
Accounts payable	132,151	908,108	1,040,259
Accrued interest payable	57,753	131,581	189,334
Unearned revenue	1,793,195	-	1,793,195
Other liabilities	91	-	91
Bond anticipation notes payable	5,118,000	12,191,000	17,309,000
Noncurrent liabilities:			
Due and payable within one year	1,536,430	1,924,876	3,461,306
Due and payable after one year	18,060,837	27,520,326	45,581,163
Total liabilities	26,698,457	42,675,891	69,374,348
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	1,377,280	181,509	1,558,789
Unavailable revenue - revolving loans	1,545,319	-	1,545,319
Deferred inflows of resources	2,922,599	181,509	3,104,108
NET POSITION			
Net investment in capital assets	25,385,276	14,268,365	39,653,641
Restricted for:			
Capital projects	397,055	141,810	538,865
Public safety	53,246	-	53,246
Cemetery	20,249	-	20,249
Community development	2,735,158	-	2,735,158
Unrestricted (deficit)	(2,110,926)	1,787,651	(323,275)
Total net position	\$ 26,480,058	\$ 16,197,826	\$ 42,677,884

See notes to basic financial statements.

**CITY OF GENEVA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 3,646,231	\$ 281,875	\$ -	\$ -	\$ (3,364,356)	\$ -	\$ (3,364,356)
Public safety	8,727,946	489,356	-	-	(8,238,590)	-	(8,238,590)
Transportation	2,842,414	3,149	-	83,875	(2,755,390)	-	(2,755,390)
Economic assistance and opportunity	141,002	135,560	-	-	(5,442)	-	(5,442)
Culture and recreation	1,804,063	282,045	-	-	(1,522,018)	-	(1,522,018)
Home and community services	881,643	146,993	-	-	(734,650)	-	(734,650)
Interest on debt	345,191	-	-	-	(345,191)	-	(345,191)
Total governmental activities	18,388,490	1,338,978	-	83,875	(16,965,637)	-	(16,965,637)
Business-type activities							
Sewer	4,983,887	4,544,817	-	-	-	(439,070)	(439,070)
Water	3,124,118	3,315,133	-	-	-	191,015	191,015
Total business-type activities	8,108,005	7,859,950	-	-	-	(248,055)	(248,055)
Total primary government	\$ 26,496,495	\$ 9,198,928	\$ -	\$ 83,875	(16,965,637)	(248,055)	(17,213,692)
General revenues:							
Real property taxes and real property tax items					7,897,540	-	7,897,540
Non-property taxes					3,720,583	-	3,720,583
Interest earnings					80,933	3,429	84,362
State and federal aid not restricted for a specific purpose					4,118,207	-	4,118,207
Premium on bond anticipation notes					22,008	52,422	74,430
Other miscellaneous revenues					137,894	159,294	297,188
Capital contributions					-	2,435,253	2,435,253
Transfers					(1,690,403)	(744,850)	(2,435,253)
Total general revenues and transfers					14,286,762	1,905,548	16,192,310
Change in net position					(2,678,875)	1,657,493	(1,021,382)
Net position - beginning					29,158,933	14,540,333	43,699,266
Net position - ending					\$ 26,480,058	\$ 16,197,826	\$ 42,677,884

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,446,487	\$ 732,160	\$ 1,656,458	\$ 20,249	\$ 5,855,354
Certificates of deposit	-	938,425	-	-	938,425
Receivables (net of allowance for uncollectible receivables)					
Accounts receivable	371,183	-	-	-	371,183
Taxes receivable	702,723	-	-	-	702,723
Loans receivable	-	2,640,627	-	-	2,640,627
State and federal receivables	40,117	-	412,412	-	452,529
Due from other funds	94,273	-	-	-	94,273
Due from other governments	365,211	-	-	-	365,211
Prepaid items	350,700	-	-	-	350,700
	<u>5,370,694</u>	<u>4,311,212</u>	<u>2,068,870</u>	<u>20,249</u>	<u>11,771,025</u>
Total assets	<u>\$ 5,370,694</u>	<u>\$ 4,311,212</u>	<u>\$ 2,068,870</u>	<u>\$ 20,249</u>	<u>\$ 11,771,025</u>
LIABILITIES					
Accounts payable	\$ 84,028	\$ 4,735	\$ 43,388	\$ -	\$ 132,151
Accrued liabilities	12,359	-	-	-	12,359
Unearned revenue	1,793,195	-	-	-	1,793,195
Other liabilities	91	-	-	-	91
Bond anticipation notes payable	-	-	5,118,000	-	5,118,000
	<u>1,889,673</u>	<u>4,735</u>	<u>5,161,388</u>	<u>-</u>	<u>7,055,796</u>
Total liabilities	<u>1,889,673</u>	<u>4,735</u>	<u>5,161,388</u>	<u>-</u>	<u>7,055,796</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	261,577	-	-	-	261,577
Unavailable revenue - revolving loans	-	1,545,319	-	-	1,545,319
	<u>261,577</u>	<u>1,545,319</u>	<u>-</u>	<u>-</u>	<u>1,806,896</u>
Total deferred inflows of resources	<u>261,577</u>	<u>1,545,319</u>	<u>-</u>	<u>-</u>	<u>1,806,896</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(Continued)

	General	Community Development	Capital Projects	Nonmajor Permanent Fund	Total Governmental Funds
FUND BALANCES (DEFICIT)					
Nonspendable	350,700	-	-	-	350,700
Restricted	450,301	2,761,158	-	20,249	3,231,708
Unassigned (deficit)	2,418,443	-	(3,092,518)	-	(674,075)
Total fund balances (deficit)	3,219,444	2,761,158	(3,092,518)	20,249	2,908,333
 Total liabilities, deferred inflows of resources and fund balances (deficit)	 \$ 5,370,694	 \$ 4,311,212	 \$ 2,068,870	 \$ 20,249	
 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, net of accumulated depreciation					37,191,108
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds					
Accrued interest payable					(57,753)
Loan payable					(26,000)
Serial bonds payable					(4,827,732)
Compensated absences					(218,912)
Installment purchase debt					(3,516,558)
Post employment benefits					(4,482,814)
Employee retirement system liability					(158,732)
Net pension liability					(6,354,160)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds					261,577
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds					5,761,701
					\$ 26,480,058
Net position					\$ 26,480,058

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, 2016

	<u>General</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$ 6,689,618	\$ -	\$ -	\$ -	\$ 6,689,618
Real property tax items	1,223,869	-	-	-	1,223,869
Sales and other taxes	3,698,525	-	-	-	3,698,525
Departmental income	608,972	-	-	-	608,972
Intergovernmental charges	345,075	135,560	-	-	480,635
Use of money and property	36,363	76,083	-	-	112,446
Licenses and permits	64,200	-	-	-	64,200
Fines and forfeitures	97,631	-	-	-	97,631
Sale of property and compensation for loss	78,818	-	-	-	78,818
Miscellaneous local sources	135,689	1,472	-	-	137,161
State and federal sources	2,286,215	236,100	1,679,767	-	4,202,082
Premium on bond anticipation notes	-	-	22,008	-	22,008
Total revenues	<u>15,264,975</u>	<u>449,215</u>	<u>1,701,775</u>	<u>-</u>	<u>17,415,965</u>
EXPENDITURES					
Current:					
General government	1,864,145	73,027	-	-	1,937,172
Public safety	5,214,139	-	-	-	5,214,139
Transportation	1,098,850	-	-	-	1,098,850
Economic assistance and opportunity	124,514	-	-	-	124,514
Culture and recreation	960,495	-	-	-	960,495
Home and community services	344,742	321,961	-	-	666,703
Employee benefits	3,871,811	-	-	-	3,871,811
Capital outlay:					
General government	-	-	3,486,482	-	3,486,482
Public safety	-	-	819,100	-	819,100
Transportation	-	-	372,317	-	372,317
Culture and recreation	-	-	461,272	-	461,272
Home and community services	-	-	120,092	-	120,092
Debt service:					
Principal	1,629,316	-	-	-	1,629,316
Interest	325,587	-	-	-	325,587
Total expenditures	<u>15,433,599</u>	<u>394,988</u>	<u>5,259,263</u>	<u>-</u>	<u>21,087,850</u>

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, 2016
(Continued)

	<u>General</u>	<u>Community Development</u>	<u>Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	(168,624)	54,227	(3,557,488)	-	(3,671,885)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	925,332	-	-	-	925,332
Interfund transfers out	(8,727)	(171,755)	-	-	(180,482)
BANs redeemed from appropriations	-	-	117,763	-	117,763
Proceeds from installment purchase debt	-	-	981,337	-	981,337
Total other financing sources and (uses)	<u>916,605</u>	<u>(171,755)</u>	<u>1,099,100</u>	<u>-</u>	<u>1,843,950</u>
Net change in fund balances	747,981	(117,528)	(2,458,388)	-	(1,827,935)
Fund balances (deficit) - beginning	<u>2,471,463</u>	<u>2,878,686</u>	<u>(634,130)</u>	<u>20,249</u>	<u>4,736,268</u>
Fund balances (deficit) - ending	<u>\$ 3,219,444</u>	<u>\$ 2,761,158</u>	<u>\$ (3,092,518)</u>	<u>\$ 20,249</u>	<u>\$ 2,908,333</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, 2016

Net change in fund balances - total governmental funds \$ (1,827,935)

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 (\$7,135,024) excluding construction work in progress placed in service (\$4,678,103) exceeded depreciation (\$2,295,492) in the current period. 161,429

The net effect of various miscellaneous transaction involving capital assets (i.e. sales, trades) is to decrease net position. (15,076)

Change in the proportionate share of net pension liability reported in the statement of net position does not provide for or require the use of current financial resources and therefore is not reported as expenditures in the governmental funds (ERS- \$1,572,982, PFRS- \$3,941,954). (5,514,936)

Change in the proportionate share of the net deferred inflows and outflows reported in the statement of net position during the measurement period between the City's contributions and its proportionate share to the total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds (ERS - \$1,298,377, PFRS- \$3,387,429). 4,685,806

The governmental funds report the effect of bond premiums when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the current year's amortization of the bond premiums. 1,988

Revenues that are not available to pay current obligations are not reported in the fund financial statement, but they are presented as revenues in the statement of activities. (15,947)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid. (21,592)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	1,071,250	
Proceeds of installment purchase debt	(981,337)	
Repayment of installment purchase debt	340,303	
Repayment of HUD loan	100,000	
Change in compensated absences	12,594	
Change in post employment benefits	(695,002)	
Change in Employee Retirement System Original Contribution Stabilization Program	19,580	\$ (132,612)
	19,580	\$ (132,612)

Change in net position of governmental activities \$ (2,678,875)

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2016

	Sewer	Water	Total
ASSETS			
Cash and cash equivalents	\$ 962,454	\$ 922,848	\$ 1,885,302
Cash and cash equivalents - restricted	1,326,920	7,052,967	8,379,887
Accounts receivable	1,200,312	1,008,173	2,208,485
Prepaid items	37,439	31,486	68,925
Capital assets not being depreciated	3,144,487	1,347,295	4,491,782
Capital assets, net of accumulated depreciation	28,171,510	12,524,171	40,695,681
Total assets	34,843,122	22,886,940	57,730,062
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	713,550	611,614	1,325,164
Total deferred outflows of resources	713,550	611,614	1,325,164
LIABILITIES			
Accounts payable	119,098	789,010	908,108
Accrued interest payable	53,539	78,042	131,581
Bond anticipation notes payable	5,048,000	7,143,000	12,191,000
Noncurrent liabilities:			
Due and payable within one year	1,195,555	729,321	1,924,876
Due and payable after one year	20,669,800	6,850,526	27,520,326
Total liabilities	27,085,992	15,589,899	42,675,891
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	97,736	83,773	181,509
Total deferred inflows of resources	97,736	83,773	181,509
NET POSITION			
Net investment in capital assets	6,931,947	7,336,418	14,268,365
Restricted for capital projects	49,239	92,571	141,810
Unrestricted	1,391,758	395,893	1,787,651
Total net position	\$ 8,372,944	\$ 7,824,882	\$ 16,197,826

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, 2016**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 4,544,817	\$ 3,315,133	\$ 7,859,950
Other operating revenues	142,530	16,764	159,294
Total operating revenues	<u>4,687,347</u>	<u>3,331,897</u>	<u>8,019,244</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,606,586	1,464,932	3,071,518
Contractual expense	1,234,041	817,967	2,052,008
Depreciation	1,757,185	616,141	2,373,326
Total operating expenses	<u>4,597,812</u>	<u>2,899,040</u>	<u>7,496,852</u>
Operating income	<u>89,535</u>	<u>432,857</u>	<u>522,392</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,808	1,621	3,429
Interest expense	(386,075)	(225,078)	(611,153)
Premium on bond anticipation notes	21,707	30,715	52,422
Total nonoperating expenses	<u>(362,560)</u>	<u>(192,742)</u>	<u>(555,302)</u>
Income (loss) before capital contributions and transfers	<u>(273,025)</u>	<u>240,115</u>	<u>(32,910)</u>
Capital contributions	1,290,650	1,144,603	2,435,253
Transfers in	98,618	20,892	119,510
Transfers out	<u>(455,586)</u>	<u>(408,774)</u>	<u>(864,360)</u>
Change in net position	660,657	996,836	1,657,493
Net position - beginning	<u>7,712,287</u>	<u>6,828,046</u>	<u>14,540,333</u>
Net position - ending	<u>\$ 8,372,944</u>	<u>\$ 7,824,882</u>	<u>\$ 16,197,826</u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Sewer	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,455,694	\$ 3,237,091	\$ 7,692,785
Cash payments for contractual expenses	(1,265,193)	(67,921)	(1,333,114)
Cash payments to employees for services	(1,471,387)	(1,304,292)	(2,775,679)
Other operating revenues	142,530	16,764	159,294
Net cash used by operating activities	1,861,644	1,881,642	3,743,286
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	98,618	20,892	119,510
Transfers to other funds	(455,586)	(408,774)	(864,360)
Net cash provided by noncapital financing activities	(356,968)	(387,882)	(744,850)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(641,884)	(1,073,457)	(1,715,341)
Principal payments on debt	(1,325,483)	(748,295)	(2,073,778)
Proceeds on debt issuance	565,000	3,970,000	4,535,000
Interest paid on debt	(366,703)	(187,346)	(554,049)
Premium on bond anticipation notes	21,707	30,715	52,422
Net cash provided (used) by capital and related financing activities	(1,747,363)	1,991,617	244,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	1,808	1,621	3,429
Net cash provided by investing activities	1,808	1,621	3,429
Net increase (decrease) in cash and cash equivalents	(240,879)	3,486,998	3,246,119
Cash and cash equivalents - beginning	2,530,253	4,488,817	7,019,070
Cash and cash equivalents - ending	\$ 2,289,374	\$ 7,975,815	\$ 10,265,189
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	962,454	922,848	1,885,302
Cash and cash equivalents - restricted	1,326,920	7,052,967	8,379,887
Total cash and cash equivalents	\$ 2,289,374	\$ 7,975,815	\$ 10,265,189
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 89,535	\$ 432,857	\$ 522,392
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,757,185	616,141	2,373,326
Pension expense	93,997	77,680	171,677
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(234,690)	(78,042)	(312,732)
Due from other governments	145,567	-	145,567
Prepaid items	8,368	(394)	7,974
Increase (decrease) in:			
Accounts payable	(39,520)	750,440	710,920
Compensated absences	23,496	11,166	34,662
Retirement system liability	(5,490)	(4,007)	(9,497)
Post employment benefits	23,196	75,801	98,997
Net cash provided by operating activities	\$ 1,861,644	\$ 1,881,642	\$ 3,743,286
Schedule of noncash capital and related financing activities:			
Contributions of capital assets	\$ 1,290,650	\$ 1,144,603	\$ 2,435,253

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
STATEMENT OF NET POSITION - FIDUCIARY FUND
DECEMBER 31, 2016

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ <u>343,931</u>
Total assets	\$ <u><u>343,931</u></u>
LIABILITIES:	
Agency liabilities	\$ 249,658
Due to other funds	<u>94,273</u>
Total liabilities	\$ <u><u>343,931</u></u>

See notes to basic financial statements.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities are normally supported by taxes, intergovernmental revenues, and other exchange and nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and direct revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

B. REPORTING ENTITY

The City is a municipal corporation incorporated in 1898 and governed by an elected mayor and an eight member governing council (council) and operates under a Council-Manager form of government. The Council appoints a City Manager who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City. 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.

The City of Geneva Local Development Corporation (the Corporation) is 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. Separately issued financial reports are available by contacting the Corporation at 47 Castle Street, Geneva, New York.

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. FUND FINANCIAL STATEMENTS

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major enterprise funds:

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

Additionally, the government reports the following fund type:

The Agency Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

1. CASH AND CASH EQUIVALENTS

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. RESTRICTED ASSETS

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

3. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. ACCOUNTS/TAXES RECEIVABLE

Receivables are carried at their net realizable value. Receivables are written off as uncollectible after the likelihood of payment is considered remote by management. 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 3, C.)

5. 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 balances at year-end is provided subsequently in Note 3, D.

6. CAPITAL ASSETS

Government-wide financial statements

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest incurred during the construction phase of capital assets of enterprise funds are included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. This year tax-exempt bond anticipation notes (BANS) were issued to finance specific improvements related to water and sewer activity. This activity included projects such as water and sewer line reconstruction and replacement, reconstruction and repairing and work performed on water and sewer treatment plants. Accordingly, the interest capitalized for the year ended December 31, 2016 for water and sewer amounted to \$79,881 and \$84,897, respectively.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

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

7. INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three fiscal years.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualified for reporting in this category. This is related to pensions reported in the government-wide Statement of Net Position. In relation to the pension, this represents the effect of the net change in the City's proportion of the collective net pension liability and the difference during the measurement period between the City's contributions and its proportional share of total contributions to the pension system not included in pension expense. Also included is the City's contributions to the pension system subsequent to the measurement date. See details of deferred pension outflows in Note 3.G.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, which arise under the modified accrual basis of accounting that qualifies for reporting in this category. These items are unavailable revenue related to property taxes and revolving loans and are reported in the governmental funds balance sheet. In addition to the revolving loans, the City also has an item related to pensions, that is reported in the statement of net position (See note 3. G.).

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. 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, 2016, unearned revenue in the General Fund consisted of unearned state aid of \$1,793,195.

10. 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.

11. 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, post employment benefit and net pension liability.

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.

12. POST EMPLOYMENT BENEFITS

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

13. 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.

14. FUND BALANCE POLICIES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Comptroller to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. PROPERTY TAXES

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

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

The City is permitted by the New York State Constitution to levy taxes up to 2% of the most recent 5-year average full valuation of taxable real property. Taxes for principal and interest on long-term debt and for budgetary appropriations for capital outlay are excludable. The City has exhausted 59.79% of its constitutional tax limit.

3. PROPRIETARY FUNDS – OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and sewer fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. USE OF ESTIMATES

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2016, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The primary objective of Statement No. 72 is to define fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements.

The primary objective of Statement No. 77 is to require governments, such as the City, that enter into tax abatement agreements to disclose information about the City's own tax abatement agreements and those that are entered into by other governments and that reduce the City's tax revenues.

The City has evaluated Statements No. 78 and 79 and have determined that they have no impact on the City's operations.

The GASB has issued the following new pronouncements:

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement No. 68, and Amendments to certain Provisions of GASB Statements No. 67 and 68*, which will be effective for the year ending December 31, 2017;
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which will be effective for the year ending December 31, 2017;
- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which will be effective for the year ending December 31, 2017;
- Statement No. 81, *Split-Interest Agreements*, which will be effective for the year ending December 31, 2017;
- Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, which will be effective for the year ending December 31, 2017;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2018; and
- Statement No. 85, *Omnibus*, which will be effective for the year ending December 31, 2018.

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

NOTE 2 - STEWARDHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND EQUITY

At December 31, 2016, the capital projects fund, a major fund, has a deficit fund balance of \$3,092,518. It is not unusual for a capital projects fund, especially one that finances capital projects mainly by borrowings, to report a deficit. The reason for the deficit in this case is that the City issued bond anticipation notes (BANS), which do not qualify for treatment as a long-term liability.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Accordingly, the BANS are reported as a fund liability in the capital projects fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances (deficit)). When the cash from the BANS are spent, expenditures are reported and fund balance is reduced. Because the BANS are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANS.

B. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than October 5th, the City Manager submits a tentative budget to the City Council for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Fiduciary Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the City Council adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- All modifications of the budget must be approved by the City Council and all appropriations lapse at fiscal year end.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2016, expenditures exceeded appropriations in the economic assistance and opportunity, culture and recreation, home and community services and interest on debt service functions by \$4,764, \$42,787, \$134,009, \$82,932. Total expenditures did not exceed appropriations.

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

The City's aggregate bank balances were fully collateralized at December 31, 2016.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

Investment and Deposit Policy

The City follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City Comptroller.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The City's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the City including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The City restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

B. LOANS RECEIVABLES

The loans receivable recorded in the Community Development Fund represent revolving loans receivable issued under the City's Community Development Block Grant programs and those passed through the U.S. Department of Housing and Urban Development. Loans outstanding as of December 31, 2016 under both programs amounted to \$3,408,049, against which an allowance of \$767,422 for uncollectible loans has been recorded.

A deferred inflow of resources of \$1,545,319 has been recorded in the Community Development Fund in connection with an Urban Development Action Grant (UDAG) grant/loan program. The City has met the grant requirements and awaits repayments of the loans for the funds to be available as revenue. Once funds are received, they are to be used for other projects eligible under the program.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

C. RECEIVABLES

Significant revenues accrued by the City at December 31, 2016 include the following:

<u>General Fund:</u>	
Miscellaneous accounts receivable	\$ <u>371,183</u>
Taxes receivable current	\$ 195,014
Taxes receivable overdue	237,624
City School taxes receivable	269,585
Property acquired for taxes	239,112
Allowance for uncollectible taxes	<u>(238,612)</u>
Total taxes receivable	\$ <u>702,723</u>
Due from other governments - sales tax	\$ <u>365,211</u>
State and federal receivables	\$ <u>40,117</u>
<u>Community Development Fund:</u>	
Loans receivable	\$ 3,408,049
Allowance for receivables	<u>(767,422)</u>
Total loans receivables	\$ <u>2,640,627</u>
<u>Capital Projects:</u>	
NYS receivable	\$ <u>412,412</u>
<u>Water:</u>	
Water rents receivable	\$ 1,004,213
Miscellaneous receivables	<u>3,960</u>
Total accounts receivable	\$ <u>1,008,173</u>
<u>Sewer:</u>	
Sewer rents receivable	\$ 1,088,256
Town of Waterloo	66,378
Miscellaneous receivables	<u>45,678</u>
Total accounts receivable	\$ <u>1,200,312</u>

D. INTERFUND ACTIVITY

Interfund activities at December 31, 2016 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 94,273	\$ -	\$ 925,332	\$ 8,727
Water Fund	-	-	20,892	408,774
Sewer Fund	-	-	98,618	455,586
Community Development Fund	-	-	-	171,755
Agency Fund	-	<u>94,273</u>	-	-
Total	\$ <u>94,273</u>	\$ <u>94,273</u>	\$ <u>1,044,842</u>	\$ <u>1,044,842</u>

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

Governmental Activities:

	Balance 01/01/16	Increases	Decreases	Balance 12/31/16
<u>Capital assets, not being depreciated:</u>				
Land	\$ 1,089,823	\$ -	\$ -	\$ 1,089,823
Construction work in progress	<u>5,647,781</u>	<u>3,982,681</u>	<u>4,678,103</u>	<u>4,952,359</u>
Total capital assets not being depreciated	<u>6,737,604</u>	<u>3,982,681</u>	<u>4,678,103</u>	<u>6,042,182</u>
<u>Capital assets, being depreciated:</u>				
Buildings	10,990,772	-	-	10,990,772
Site improvements	760,430	-	-	760,430
Improvements	16,069,912	-	-	16,069,912
Vehicles & equipment	7,386,699	1,396,952	199,218	8,584,433
Infrastructure	<u>20,979,320</u>	<u>1,755,391</u>	<u>-</u>	<u>22,734,711</u>
Total capital assets, being depreciated	<u>56,187,133</u>	<u>3,152,343</u>	<u>199,218</u>	<u>59,140,258</u>
<u>Less accumulated depreciation:</u>				
Improvements	5,408,242	402,656	-	5,810,898
Site improvements	722,969	4,537	-	727,506
Buildings	3,142,595	505,235	-	3,647,830
Vehicles & equipment	5,410,299	522,637	184,142	5,748,794
Infrastructure	<u>11,195,877</u>	<u>860,427</u>	<u>-</u>	<u>12,056,304</u>
Total accumulated depreciation	<u>25,879,982</u>	<u>2,295,492</u>	<u>184,142</u>	<u>27,991,332</u>
Total capital assets being depreciated, net	<u>30,307,151</u>	<u>856,851</u>	<u>15,076</u>	<u>31,148,926</u>
Governmental activities capital assets, net	<u>\$ 37,044,755</u>	<u>\$ 4,839,532</u>	<u>\$ 4,693,179</u>	<u>\$ 37,191,108</u>

Business-Type Activities:

	Balance 01/01/16	Increases	Decreases	Balance 12/31/16
<u>Capital assets, not being depreciated:</u>				
Land	\$ 325,400	\$ -	\$ -	\$ 325,400
Construction work in progress	<u>8,207,625</u>	<u>4,041,681</u>	<u>8,082,924</u>	<u>4,166,382</u>
Total capital assets not being depreciated	<u>8,533,025</u>	<u>4,041,681</u>	<u>8,082,924</u>	<u>4,491,782</u>
<u>Capital assets, being depreciated:</u>				
Land improvements	50,027	-	-	50,027
Site improvements	356,347	-	-	356,347
Buildings and improvements	15,735,873	-	-	15,735,873
Vehicles & equipment	14,412,970	6,334,727	35,111	20,712,586
Infrastructure	<u>28,173,263</u>	<u>1,861,498</u>	<u>-</u>	<u>30,034,761</u>
Total capital assets, being depreciated	<u>58,728,480</u>	<u>8,196,225</u>	<u>35,111</u>	<u>66,889,594</u>
<u>Less accumulated depreciation:</u>				
Land improvements	7,556	1,373	-	8,929
Site improvements	234,374	17,408	-	251,782
Buildings and improvements	3,916,524	326,837	-	4,243,361
Vehicles & equipment	8,447,712	1,219,481	30,723	9,636,470
Infrastructure	<u>11,245,144</u>	<u>808,227</u>	<u>-</u>	<u>12,053,371</u>
Total accumulated depreciation	<u>23,851,310</u>	<u>2,373,326</u>	<u>30,723</u>	<u>26,193,913</u>
Total capital assets being depreciated, net	<u>34,877,170</u>	<u>5,822,899</u>	<u>4,388</u>	<u>40,695,681</u>
Business activities capital assets, net	<u>\$ 43,410,195</u>	<u>\$ 9,864,580</u>	<u>\$ 8,087,312</u>	<u>\$ 45,187,463</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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

<u>Governmental activities:</u>	
General government	\$ 49,684
Public safety	313,651
Economic assistance and opportunity	1,416,351
Culture and recreation	<u>515,806</u>
Total depreciation expense - governmental activities	<u>2,295,492</u>
<u>Business-type activities:</u>	
Home and community services	<u>2,373,326</u>
Total depreciation expense	\$ <u>4,668,818</u>

F. CONSTRUCTION COMMITMENTS

The City has active construction projects as of December 31, 2016. Significant projects include water treatment plant pump replacements, waste water treatment plant upgrades and the Lochland Rd. project. Significant commitments related to these projects consisted of \$296,106, \$237,381 and \$1,352,384, respectively.

G. PENSION OBLIGATIONS

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

PLAN DESCRIPTION

The City participates in the New York State and Local Police and Fire Retirement system (PFRS) and the New York State and Local Employees' Retirement System (ERS), which are collectively referred to as the New York State and Local Retirement System (the System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement fund (the fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the fund and is the administrative head of the system. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

FUNDING POLICY

The System is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the system's fiscal year ending March 31st.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2016, the City reported a liability of \$7,642,291 (ERS \$3,302,899 and PFRS \$4,339,392) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2016, the City's proportion of the net pension liability was 0.0205785% and 0.1465621% for ERS and PFRS, respectively.

For the year ended December 31, 2016, the City recognized pension expense of \$2,696,462. At December 31, 2016 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 16,690	\$ 38,921	\$ 391,504	\$ 656,064
Changes of assumptions	880,784	1,870,698	-	-
Net difference between projected and actual earnings on pension plan investments	1,959,461	2,431,878	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	3,994	2,713	73,904	437,317
City's contributions subsequent to the measurement date	<u>536,928</u>	<u>722,078</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,397,857</u>	<u>\$5,066,288</u>	<u>\$ 465,408</u>	<u>\$1,093,381</u>

The City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>PFRS</u>
Year ended:		
2017	\$ 604,137	\$ 771,668
2018	604,137	771,668
2019	604,137	771,668
2020	583,110	737,807
2021	-	198,018
Thereafter	-	-

ACTUARIAL ASSUMPTIONS

The total pension liability as of the March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions:

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.5%	2.5%
Salary increases	3.8%	4.5 %
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 for the System are summarized below:

<u>Asset Class:</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38.0%	7.3%
International equity	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bond and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
Total	100.0%	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following tables present the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<u>ERS</u>			
City's proportionate share of the net pension liability (asset)	\$7,447,798	\$3,302,899	(\$ 199,363)
<u>PFRS</u>			
City's proportionate share of the net pension liability (asset)	\$9,692,489	\$4,339,392	(\$ 147,663)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	<u>ERS</u>	<u>PFRS</u> (Dollars in Thousands)	<u>Total</u>
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	<u>156,253,265</u>	<u>27,386,940</u>	<u>183,640,205</u>
Employers' net pension liability	<u>\$ 16,050,279</u>	<u>\$ 2,960,787</u>	<u>\$ 19,011,066</u>
Ratio of Plan net position to the employers' total pension liability	90.7%	90.2%	90.6%

PREPAIDS TO THE PENSION PLAN

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2016 represent the employer contribution for the period of January 1, 2017 through March 31, 2017 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2016 amounted to \$178,932 and \$240,693 for ERS and PFRS, respectively.

H. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)

PLAN DESCRIPTION

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

FUNDING POLICY

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

ACCOUNTING POLICY

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

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other postemployment 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, 2016:

Annual required contribution (ARC)	1,946,122
Interest on OPEB obligation	181,756
Adjustment to ARC	<u>(192,888)</u>
OPEB expense	1,934,990
Contributions made	<u>(1,140,991)</u>
Increase net OPEB obligation	793,999
Net OPEB obligation - beginning of year	<u>4,543,899</u>
Net OPEB obligation - end of year	<u>\$ 5,337,898</u>

Percentage of expense contributed	58.97%
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The City's annual OPEB cost, contribution, percentage of OPEB cost contributed, and net postemployment benefit obligation for the plan for the current fiscal year ended December 31, 2016 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$1,934,990	\$ 1,140,991	58.97%	\$5,337,898
2015	1,937,310	990,518	51.13%	4,543,899
2014	1,259,195	978,415	77.70%	3,597,107

FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2015, the most recent actuarial valuation, the actuarial accrued liability for benefits was \$30,395,737, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,529,847, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 549.67%.

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

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

METHODS AND ASSUMPTIONS

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

The December 31, 2015 actuarial valuation, with a valuation date of February 5, 2016, utilized the entry age actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the City's own assets, and an ultimate healthcare cost trend of 3.8 percent. Both rates included a 2.2 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis for a period not to exceed thirty years.

H. RISK MANAGEMENT

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

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

No refunds or assessments, other than periodic premiums, are charged to the participant organizations. In the event that the Plan's assets are not sufficient to meet its liabilities, the deficiency would be built into the Plan's ensuing year's budget. The Plan has established reserve liabilities which provide for current claim expenses. At December 31, 2016, the Plan sponsor determined that the reserves were considered adequate to cover discounted future claim liabilities.

I. SHORT-TERM DEBT

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes (BAN). The amounts issued for governmental activities are accounted for in the capital projects fund. The amounts issued for business-type activities relate to both the water and sewer enterprise funds and are reported in each respective fund.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2016 for both governmental and business-type activities:

	Original <u>Issue</u>	Interest <u>Rate</u>	Balance <u>1/1/16</u>	<u>Issued</u>	<u>Redeemed</u>	Balance <u>12/31/16</u>
Governmental Activities:						
Lakefront Improvement Phase I	9/30/2014	1.50%	\$ 297,763	\$ -	\$ 22,763	\$ 275,000
Lakefront Improvement Phase II	9/30/2014	1.50%	800,000	-	60,000	740,000
Lakefront Improvement Phase III	5/12/2015	1.50%	800,000	-	-	800,000
Acquisition/ demo City owned structures	9/30/2014	1.50%	100,000	-	15,000	85,000
B & G roof replacement and auxiliary bldg.	9/30/2014	1.50%	125,000	-	20,000	105,000
N. Genesee St. reconstruction and repaving	5/12/2015	1.50%	600,000	-	-	600,000
N. Wadsworth St. reconstruction and repaving	5/12/2015	1.50%	450,000	-	-	450,000
Pultney St. reconstruction and repaving	5/12/2015	1.50%	650,000	-	-	650,000
Acquisition and installation of generator at City Hall	5/12/2015	1.50%	38,000	-	-	38,000
Acquisition of Heavy Rescue Fire Apparatus Truck	5/11/2016	1.50%	-	650,000	-	650,000
City Recreational Complex and various park improvements	5/11/2016	1.50%	-	500,000	-	500,000
Ceiling renovations to the event center	5/11/2016	1.50%	-	25,000	-	25,000
Demolition and repair various buildings and structures	5/11/2016	1.50%	-	<u>200,000</u>	-	<u>200,000</u>
Total Bond Anticipation Notes			<u>\$ 3,860,763</u>	<u>\$ 1,375,000</u>	<u>\$ 117,763</u>	<u>\$ 5,118,000</u>
Business-Type Activities:						
<u>Water</u>						
N. Genesee St. reconstruction and repaving	5/12/2015	1.50%	\$ 300,000	\$ -	\$ -	\$ 300,000
N. Wadsworth St. reconstruction and repaving	5/12/2015	1.50%	250,000	-	-	250,000
Pultney St. reconstruction and repaving	5/12/2015	1.50%	2,000,000	-	-	2,000,000
Acquisition and installation of generator at City Hall	5/12/2015	1.50%	38,000	-	-	38,000
N. Genesee St. water lines	9/30/2014	1.50%	618,750	-	33,750	585,000
Lochland Rd. water main	5/11/2016	1.50%	-	3,750,000	-	3,750,000
City St. treatment plant	5/11/2016	1.50%	-	220,000	-	220,000
<u>Sewer</u>						
N. Genesee St. Reconstruction and repaving.	5/12/2015	1.50%	400,000	-	-	400,000
N. Wadsworth St. Reconstruction and repaving t.	5/12/2015	1.50%	300,000	-	-	300,000
Pultney St. Reconstruction and repaving	2/12/2015	1.50%	850,000	-	-	850,000
Acquisition and installation of generator at City Hall	5/12/2015	1.50%	38,000	-	-	38,000
N. Genesee St. sewer lines	9/30/2014	1.50%	756,250	-	41,250	715,000
South treatment and Marsh Creek plants	9/30/2014	1.50%	2,300,000	-	120,000	2,180,000
Gulvin Park wastewater treatment plant	5/11/2016	1.50%	-	485,000	-	485,000
Marsh Creek wastewater treatment plant	5/11/2016	1.50%	-	<u>80,000</u>	-	<u>80,000</u>
Total Bond Anticipation Notes			<u>\$ 7,851,000</u>	<u>\$ 4,535,000</u>	<u>\$ 195,000</u>	<u>\$12,191,000</u>
Total short term capital borrowings			<u>\$ 11,711,763</u>	<u>\$ 5,910,000</u>	<u>\$ 312,763</u>	<u>\$17,309,000</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

J. LEASE OBLIGATIONS

Operating lease

The City entered into a lease agreement on January 26, 2016, for a term of 25 years, to lease a firehouse to provide a fire station for the Geneva Fire Department. The annual payments include a debt service rate for years 2016-2025 in the amount of \$41,532, annually. Total cost for the lease was \$54,550 for the year ended December 31, 2016. The City also entered into a lease agreement on May 24, 2016, for a term of three years with an option to renew for up to three years, to lease three commercial storefronts that are to be used as the Geneva Entrepreneur's Lab. The City contributed \$25,000 towards the build out of the building and the lease expense for the 2016 fiscal year. The future minimum lease payments for each lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Firehouse</u>	<u>Entrepreneur's</u> <u>Lab</u>
2017	\$ 49,774	\$ 18,328
2018	46,681	18,628
2019	46,825	12,552
2020	46,931	-
2021	47,039	-
2022-2026	202,281	-
2027-2030	32,273	-
2031-2036	35,632	-
2037-2041	<u>32,499</u>	<u>-</u>
Total	<u>\$ 539,935</u>	<u>\$ 49,508</u>

K. LONG-TERM LIABILITIES

GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at December 31, 2016 are as follows:

<u>Issue Description</u>	<u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Year of</u> <u>Issue/</u> <u>Maturity</u>	<u>Outstanding</u> <u>Balance</u> <u>12/31/16</u>
Governmental Activities				
<u>General Obligation Bonds:</u>				
General Improvements	\$ 2,973,034	3.86-4.25%	2005/2024	\$ 298,000
General Improvements	945,000	3.75-4.00%	2005/2017	20,000
General Improvements	2,041,421	3.25-4.00%	2007/2038	618,750
Various Projects	2,238,000	3.75-4.25%	2010/2028	2,118,000
Various Projects	3,911,000	2.50-3.50%	2014/2023	<u>1,770,000</u>
				<u>\$ 4,824,750</u>
Business-Type Activities				
<u>Water Obligation Bonds:</u>				
S. Main St.	\$ 243,000	2.00-3.00%	2011/2018	\$ 67,000
Water tank- EFC	1,657,422	4.26-5.74%	2000/2020	375,000
Water lines	769,000	4.20-4.75%	2004/2030	374,500
Water Improvements	601,315	3.75-4.00%	2005/2024	270,000
Water Improvements	516,551	3.75-4.00%	2007/2021	206,250
Various Projects	1,746,000	3.25-4.00%	2010/2028	1,203,000
Various Projects	4,745,000	2.50-3.50%	2014/2040	<u>3,675,000</u>
				<u>\$ 6,170,750</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

<u>Issue Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Year of Issue/ Maturity</u>	<u>Outstanding Balance 12/31/16</u>
<u>Sewer Obligation Bonds:</u>				
S. Main St.	\$ 614,000	2.00-3.00%	2011/2018	\$ 173,000
Sewer Lines	449,500	4.20-4.75%	2004/2030	220,500
Sewer Improvements	744,899	3.86-4.25%	2005/2024	357,000
Sewer Improvements	680,370	3.75-4.00%	2007/2021	275,000
Sewer Improvements- EFC	13,666,554	0.00%	2008/2038	10,022,138
Various Projects	3,538,000	3.25-4.00%	2010/2028	2,479,000
Sewer Lines	1,190,000	3.75-4.25%	2011/2025	765,000
Various Projects	6,345,000	2.50-3.50%	2014/2041	6,150,000
				<u>\$ 20,441,638</u>
Total serial bonds				<u>\$ 31,437,138</u>

INSTALLMENT PURCHASE DEBT

The City enters into installment purchase debt agreements as needed for various purposes. Installment purchase debt agreements are direct obligations and pledge the full faith and credit of the City. Installment purchase debt agreements outstanding at December 31, 2016 are as follows:

<u>Issue Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Year of Issue/ Maturity</u>	<u>Outstanding Balance 12/31/16</u>
Governmental Activities				
<u>General Installment Debt:</u>				
Energy performance contract	\$ 3,134,249	4.47%	2011/2026	\$ 2,308,100
Jacobsen JR9016 Mower	52,006	2.66%	2013/2018	21,624
Phone system	54,410	4.50%	2014/2019	28,694
Passenger Van – rec van	26,453	3.31%	2014/2019	16,135
Street Sweeper Truck	148,935	2.24%	2014/2019	91,419
Ford F-350 dump truck	35,706	2.91%	2014/2018	14,478
Police vehicles (2) – ford utility	81,200	2.39%	2015/2018	54,770
Police vehicles (2) – ford explorer	89,200	2.61%	2016/2019	89,200
Ice resurfacer	128,250	2.99%	2016/2021	128,250
Dispatch equipment	763,887	3.51%	2016/2019	763,887
				<u>\$ 3,516,558</u>
Business-Type Activities				
<u>Water Installment Debt:</u>				
Energy performance contract	\$ 370,797	4.47%	2011/2026	\$ 273,060
<u>Sewer Installment Debt:</u>				
Energy performance contract	\$ 120,388	4.47%	2011/2026	\$ 88,655
Vac-Con	170,904	2.32%	2015/2019	129,637
				<u>\$ 218,292</u>
Total installment purchase debt				<u>\$ 4,007,910</u>
Total serial bonds and installment purchase debt				<u>\$ 35,445,048</u>

LEGAL DEBT MARGIN

The City is subject to a debt limit that is 7.0 percent of the five-year average of the full valuation of taxable real property. At December 31, 2016, that amount was \$26,478,360. As of December 31, 2016, the total outstanding debt applicable to the limit was \$15,830,600 which is 59.79 percent of the total debt limit.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

CHANGES IN LONG-TERM LIABILITIES

Changes in the City's long-term liabilities for the year ended December 31, 2016 are as follows:

	Balance 01/01/16	Additions	Reductions	Balance 12/31/16	Due Within One Year
Governmental Activities					
General obligation debt:					
Serial bonds	\$ 5,896,000	\$ -	\$1,071,250	\$ 4,824,750	\$ 896,750
Plus unamortized premium	4,971	-	1,988	2,983	1,988
Other liabilities:					
Compensated absences	243,728	6,229	18,687	231,270	12,359
Loan payable	126,000	-	100,000	26,000	26,000
Employee retirement System incentive	178,312	-	19,580	158,732	20,300
Net other post-employment benefit obligation	3,787,812	1,693,074	998,072	4,482,814	-
Installment purchase debt	2,875,524	981,337	340,303	3,516,558	579,033
Net pension liability*	839,224	5,514,936	-	6,354,160	-
Total government activities	<u>\$ 13,951,571</u>	<u>\$ 8,195,576</u>	<u>\$ 2,549,880</u>	<u>\$ 19,597,267</u>	<u>\$ 1,536,430</u>
Business-type Activities					
General obligation debt:					
Serial bonds	\$ 28,421,690	\$ -	\$1,809,302	\$ 26,612,388	\$ 1,828,802
Plus unamortized premium	7,075	-	2,830	4,245	2,830
Other liabilities:					
Compensated absences	82,347	69,323	34,661	117,009	11,700
Employee retirement system	86,490	-	9,497	76,993	9,847
Net other post-employment benefit obligation	756,087	241,916	142,919	855,084	-
Installment purchase debt	560,828	-	69,476	491,352	71,697
Net pension liability*	247,121	1,041,010	-	1,288,131	-
Business-type activities	<u>30,161,638</u>	<u>1,352,249</u>	<u>2,068,685</u>	<u>29,445,202</u>	<u>1,924,876</u>
Total long-term liabilities	<u>\$ 44,113,209</u>	<u>\$ 9,547,825</u>	<u>\$ 4,618,565</u>	<u>\$ 49,042,469</u>	<u>\$ 3,461,306</u>

*Additions to net pension liability are presented net of reductions.

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

Fiscal Year	Serial Bonds				Loans Payable		Installment Purchase Debt	
	Principal	Premium	Net	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,725,552	\$ 4,818	\$ 2,730,370	\$ 708,024	\$ 26,000	\$ 1,378	\$ 650,729	\$ 160,005
2018	2,685,552	2,410	2,687,962	637,321	-	-	672,641	137,968
2019	2,575,552	-	2,575,552	569,559	-	-	643,646	113,793
2020	2,460,552	-	2,460,552	503,508	-	-	274,353	90,322
2021	2,105,552	-	2,105,552	444,087	-	-	286,138	78,537
2022-2026	7,057,760	-	2,057,760	1,627,304	-	-	1,480,403	204,507
2027-2031	4,922,760	-	4,922,760	956,426	-	-	-	-
2032-2036	4,162,756	-	4,162,756	554,500	-	-	-	-
2037-2041	2,496,102	-	2,496,102	200,300	-	-	-	-
2042	245,000	-	-	4,900	-	-	-	-
Total	<u>\$ 31,437,138</u>	<u>\$ 7,228</u>	<u>\$ 31,444,366</u>	<u>\$ 6,205,929</u>	<u>\$ 26,000</u>	<u>\$ 1,378</u>	<u>\$ 4,007,910</u>	<u>\$ 785,132</u>

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

L. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 37,191,108	\$ 45,187,463
Bonds payable used for capital assets	(4,827,732)	(26,616,633)
BANS used for capital assets	(5,118,000)	(12,191,000)
Installment purchase debt used for capital assets	(3,516,558)	(491,352)
Unspent BAN proceeds	<u>1,656,458</u>	<u>8,379,887</u>
Net investment in capital assets	<u>\$ 25,385,276</u>	<u>\$ 14,268,365</u>

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category represents net position of the City not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by City at December 31, 2016 include:

Prepaid items – represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.

Assigned to subsequent year's expenditure – Represents available fund balance being appropriated to meet expenditure requirements in the 2017 fiscal year. None in the current year.

Assigned to specific use – Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed. None in the current year.

Unassigned fund balance represents the residual classification of the government's General Fund surplus and funds with deficit fund balances.

FUND BALANCE POLICY

As of December 31, 2016, 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.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

DETAIL OF FUND BALANCES

As of December 31, 2016, fund balances were classified as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Nonmajor Permanent Fund</u>	<u>Total</u>
<u>Nonspendable:</u>					
Prepays	\$ 350,700	\$ -	\$ -	\$ -	\$ 350,700
<u>Restricted:</u>					
Capital projects	397,055	-	-	-	397,055
Public safety	53,246	-	-	-	53,246
Permanent fund	-	-	-	20,249	20,249
Community development	-	-	2,761,158	-	2,761,158
<u>Unassigned:</u>					
General fund	2,418,443	-	-	-	2,418,443
Capital Projects	-	(3,092,518)	-	-	(3,092,518)
Total	<u>\$3,219,444</u>	<u>\$(3,092,518)</u>	<u>\$ 2,761,158</u>	<u>\$ 20,249</u>	<u>\$ 2,908,333</u>

M. INTERMUNICIPAL AGREEMENTS

The City has several intermunicipal agreements for shared services such as assessments; emergency dispatch services; information technology services; and to allow the use of the repository for integrated criminalistic imaging system (RICI System).

N. CONTINGENCIES

Assessments – The City is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the City vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

Grants – In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other – The City is also involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the City's financial condition or results of operations.

O. TAX ABATEMENTS

The Geneva Industrial Development Agency, created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively "the Act"), has five real property tax abatement agreements, and the City holds six real property tax abatement agreements, with various businesses in the City under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of redevelopment and job creation in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

CITY OF GENEVA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

As a result of these tax abatement agreements, for the year ended December 31, 2016, the City's total tax revenues were reduced by \$1,100,787.

Copies of the agreements may be obtained from Adam Blowers, City Comptroller, 47 Castle Street, Geneva, NY 14456, www.cityofgenevany.com

P. SUBSEQUENT EVENT

On May 10, 2017 the City issued a new BAN in the amount of \$6,900,000 for the use in various projects related to general government, water and sewer.

Management has evaluated subsequent events through August 24, 2017 which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles other than the issuance of debt referred to above.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GENEVA, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/1/2015	\$ -	\$ 30,395,737	\$ 30,395,737	0.00%	\$ 5,529,847	549.67%
4/1/2014	-	20,548,319	20,548,319	0.00%	7,471,985	275.00%
4/1/2012	-	18,791,100	18,791,100	0.00%	5,508,604	341.12%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contributions	Percentage Contributed
December 31, 2013	\$ 1,263,916	\$ 817,346	64.67%
December 31, 2014	1,263,916	978,415	77.41%
December 31, 2015	1,946,122	990,518	50.90%
December 31, 2016	1,946,122	1,140,991	58.63%

CITY OF GENEVA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS*

	Year Ended December 31,		
	2016	2015	2014
Measurement date	March 31, 2016	March 31, 2015	March 31, 2014
City's proportion of the net pension liability	0.0205785%	0.0203924%	0.0203924%
City's proportionate share of the net pension liability	\$ <u>3,302,899</u>	\$ <u>688,906</u>	\$ <u>921,504</u>
City's covered-employee payroll	\$ 4,657,875	\$ 4,634,600	\$ 4,080,472
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	71%	15%	23%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%	97.2%

* Information prior to the year ended December 31, 2014 is not available.

CITY OF GENEVA, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
POLICE AND FIRE RETIREMENT SYSTEM
LAST THREE FISCAL YEARS*

	Year Ended December 31,		
	2016	2015	2014
Measurement date	March 31, 2016	March 31, 2015	March 31, 2014
City's proportion of the net pension liability	0.1465621%	0.1443866%	0.1443866%
City's proportionate share of the net pension liability	\$ <u>4,339,392</u>	\$ <u>397,438</u>	\$ <u>601,095</u>
City's covered-employee payroll	\$ 4,351,743	\$ 4,048,540	\$ 4,556,579
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	100%	10%	13%
Plan fiduciary net position as a percentage of the total pension liability	99.0%	90.2%	98.5%

* Information prior to the year ended December 31, 2014 is not available.

**CITY OF GENEVA, NEW YORK
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS-
LAST THREE FISCAL YEARS***

EMPLOYEES' RETIREMENT SYSTEM

	Year Ended December 31,		
	2016	2015	2014
Contractually required contribution	\$ 754,700	\$ 896,991	\$ 971,531
Contributions in relation to the contractually required contribution	<u>754,700</u>	<u>896,991</u>	<u>971,531</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,657,875	\$ 4,634,600	\$ 4,080,472
Contributions as a percentage of covered-employee payroll	16%	19%	24%

POLICE AND FIRE RETIREMENT SYSTEM

	Year Ended December 31,		
	2016	2015	2014
Contractually required contribution	\$ 962,770	\$ 888,919	\$ 1,000,532
Contributions in relation to the contractually required contribution	<u>962,770</u>	<u>888,919</u>	<u>1,000,532</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 4,351,743	\$ 4,048,540	\$ 4,556,579
Contributions as a percentage of covered-employee payroll	22%	22%	22%

* Information prior to the year ended December 31, 2014 is not available.

CITY OF GENEVA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 6,913,411	\$ 6,913,411	\$ 6,689,618	\$ (223,793)
Real property tax items	1,175,900	1,130,900	1,223,869	92,969
Non-property tax items	3,550,000	3,595,000	3,698,525	103,525
Departmental income	736,743	580,243	608,972	28,729
Intergovernmental charges	284,611	284,611	345,075	60,464
Use of money and property	47,500	47,500	36,363	(11,137)
Licenses and permits	89,000	91,500	64,200	(27,300)
Fines and forfeitures	245,000	237,500	97,631	(139,869)
Sale of property and compensation for loss	2,500	-	78,818	78,818
Miscellaneous local sources	125,000	125,000	135,689	10,689
State sources	<u>2,050,613</u>	<u>2,050,613</u>	<u>2,286,215</u>	<u>235,602</u>
Total revenues	<u>15,220,278</u>	<u>15,056,278</u>	<u>15,264,975</u>	<u>208,697</u>
EXPENDITURES				
General government	2,175,905	2,196,080	1,864,145	331,935
Public safety	5,408,955	5,408,830	5,214,139	194,691
Transportation	1,235,680	1,277,683	1,098,850	178,833
Economic assistance and opportunity	147,750	119,750	124,514	(4,764)
Culture and recreation	938,786	917,708	960,495	(42,787)
Home and community services	205,233	210,733	344,742	(134,009)
Employee benefits	3,885,603	3,885,603	3,871,811	13,792
Debt service:				
Principal	1,724,431	1,733,288	1,629,316	103,972
Interest	<u>251,512</u>	<u>242,655</u>	<u>325,587</u>	<u>(82,932)</u>
Total expenditures	<u>15,973,855</u>	<u>15,992,330</u>	<u>15,433,599</u>	<u>558,731</u>
Excess (deficit) of revenue over expenditures	(753,577)	(936,052)	(168,624)	767,428
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	753,577	921,577	925,332	3,755
Interfund transfers out	<u>-</u>	<u>-</u>	<u>(8,727)</u>	<u>(8,727)</u>
Total other financing sources	<u>753,577</u>	<u>921,577</u>	<u>916,605</u>	<u>(4,972)</u>
Net change in fund balance*	-	(14,475)	747,981	762,456
Fund balance - beginning	<u>2,471,463</u>	<u>2,471,463</u>	<u>2,471,463</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,471,463</u>	<u>\$ 2,456,988</u>	<u>\$ 3,219,444</u>	<u>\$ 762,456</u>

* The net change in fund balance is included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

CITY OF GENEVA, NEW YORK
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

A. BUDGETARY INFORMATION

1. BUDGETARY BASIS OF ACCOUNTING

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

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

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