

CITY OF NORTH TONAWANDA, NEW YORK

**SINGLE AUDIT
WITH
INDEPENDENT AUDITOR'S REPORTS**

YEAR ENDED DECEMBER 31, 2006

CITY OF NORTH TONAWANDA, NEW YORK

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CITY OF NORTH TONAWANDA, NEW YORK

**BASIC FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED DECEMBER 31, 2006

CITY OF NORTH TONAWANDA, NEW YORK

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Fox & Company LLP

Certified Public Accountants



Independent Auditor's Report

Honorable Mayor and
Members of Common Council
City of North Tonawanda
North Tonawanda, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Tonawanda, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Tonawanda Housing Authority, which represent a component unit of the City. Those financial statements were not audited and are not included in this report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, except for the effects of the omission of the basic financial statements of the North Tonawanda Housing Authority as described in the first paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of December 31, 2006, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Independent Auditor's Report (Cont.)

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007 on our consideration of the City of North Tonawanda, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 24 through 25, 49 through 67, and 70 through 79, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda, New York's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of North Tonawanda, New York. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Fox & Company LLP

**Tonawanda, New York
June 22, 2007**

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2006

This section of the City of North Tonawanda's (City) annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2006. Please read it in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2006 fiscal year by \$33,902,587 (net assets). Of this amount, \$9,373,723 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors and \$23,539,685 is invested in capital assets, net of related debt.
- The governments total net assets decreased by \$1,734,457.
- As of December 31, 2006, the City's governmental funds reported combined fund balances of \$5,828,755, an increase of \$3,013,000 in comparison with the prior year. Approximately 81.2% of the combined fund balances, \$4,732,717 is available to meet the City's current and future needs (undesignated fund balance).
- At the end of the fiscal year, undesignated fund balance for the general fund was \$2,750,629 or 73.4% of total general fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - *Management's Discussion and Analysis* (this section), and the *Basic Financial Statements*.

Basic Financial Statements

Governmental-Wide Financial Statements are two statements designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *Statement of Net Assets* presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis

December 31, 2006

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., unallocated taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The City does not have any functions that are intended to recover all or, in part, a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, interest and fiscal charges, and depreciation.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance related legal compliance. All funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as, balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund, the Special Revenue Fund and the Debt Service Fund.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2006

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The City has three fiduciary funds. The Agency Fund is used to account for funds held by the City as agent for employees withholdings, monies due to other governments, and other miscellaneous items. The Permanent and Private Purpose Trusts are used to account for donated funds used for the purposes designated by the donors.

The basic fiduciary funds financial statements can be found on page 26 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Notes can be found on pages 27-48 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$33,902,587 at the close of the fiscal year.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

Summary of City of North Tonawanda's Net Assets

	Total Governmental Activities <u>December 31, 2006</u>	Total Governmental Activities <u>December 31, 2005</u>	Percent of Increase (Decrease)
Current and other assets	\$ 15,835,187	\$ 14,932,382	6.0%
Capital assets	44,671,535	45,533,093	-1.9%
Total assets	<u>60,506,722</u>	<u>60,465,475</u>	<u>0.1%</u>
Long-term liabilities	19,310,520	17,927,708	7.7%
Other liabilities	7,293,615	6,900,723	5.7%
Total liabilities	<u>26,604,135</u>	<u>24,828,431</u>	<u>7.2%</u>
Net assets:			
Investment in capital assets, net of related debt	23,539,685	29,070,942	-19.0%
Restricted	989,179	-	100.0%
Unrestricted	9,373,723	6,566,102	42.8%
Total net assets	<u>\$ 33,902,587</u>	<u>\$ 35,637,044</u>	<u>-4.9%</u>

The largest portion of the City's net assets reflects its investment in capital assets of \$23,539,685 (69.4%) (e.g. land, buildings, improvements, infrastructure, and equipment), which is net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net assets (3.0%) represents restricted net assets of \$989,179, which is reserved for retirement, insurance, and workers' compensation.

The remaining balance of the City's net assets (27.6%) represents unrestricted net assets of \$9,373,723, which may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

At the end of the current fiscal year, the City is able to report positive balances in all of its net asset categories.

Governmental activities. Governmental activities decreased the City's net assets by \$1,734,457.

The following table indicates the changes in net assets for governmental activities:

Summary of City of North Tonawanda's Changes in Net Assets

	<u>2006</u>	<u>2005</u>	<u>Percent of Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 8,702,677	\$ 8,543,587	1.9%
Operating grants and contributions	6,114,145	4,014,219	52.3%
Capital grants and contributions	1,030,543	1,444,339	-28.6%
General revenues:			
Property taxes	12,677,708	12,201,695	3.9%
Real property tax items	1,220,720	1,154,668	5.7%
Non-property tax items	7,974,502	7,564,151	5.4%
Use of money and property	380,945	363,816	4.7%
Sale of property and compensation for loss	272,937	417,404	-34.6%
Miscellaneous	36,342	101,989	-64.4%
Interfund Revenue	80,000		100.0%
State Aid	5,120,694	3,787,320	35.2%
Total revenues	<u>43,611,213</u>	<u>39,593,188</u>	

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Capital Grants and Contributions - the \$413,796 decrease was due to a decrease in capital projects and State Aid.
- Real Property Taxes – the \$476,013 increase was caused by an increase in the city's tax levy.
- Sale of Property and Compensation for Loss – the \$144,467 decrease was caused by a decrease in acquired property sold by the city.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

	<u>2006</u>	<u>2005</u>	<u>Percent of Increase (Decrease)</u>
Expenses:			
General government support	\$ 4,990,064	\$ 4,545,034	9.8%
Public safety	12,470,986	11,212,450	11.2%
Transportation	9,430,061	4,457,828	111.5%
Economic assistance and opportunity	276,489	230,536	19.9%
Culture and recreation	2,518,047	2,213,743	13.7%
Home and community services	14,887,398	15,155,333	-1.8%
Interest and fiscal charges	<u>772,625</u>	<u>598,295</u>	<u>29.1%</u>
Total expenses	<u>45,345,670</u>	<u>38,413,219</u>	<u>18.0%</u>
 Change in net assets	 (1,734,457)	 1,179,969	 -247.0%
 Net assets - beginning	 <u>35,637,044</u>	 <u>34,457,075</u>	 <u>3.4%</u>
 Net assets - ending	 <u>\$ 33,902,587</u>	 <u>\$ 35,637,044</u>	 <u>-4.9%</u>

The following provides an explanation of expenditures by function that changed significantly over the prior year:

- Transportation – the increase of \$4,972,233 was due to an increase in contractual expenditures.
- Public Safety - the \$1,258,536 increase was caused by an increase in contractual expenditures.
- Home and Community Services - the \$267,935 decrease was due to a decrease in various Community Development programs.

Business-type activities. The City does not have any business type activities.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2006

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The general governmental functions are contained in the General, Special Revenue and Capital Projects Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2006, the City's governmental funds reported combined fund balances of \$5,828,755, an increase of \$3,013,000 in comparison with the prior year. Approximately 82.6% of the combined fund balances, \$4,814,118, constitutes *unreserved fund balance*, which is available to meet the City's current and future operational and capital needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has already been committed: (1) \$200,000 reserved for future workers' compensation claims; (2) \$25,458 reserved for encumbrances; (3) \$493,210 reserved for retirement; and (4) \$295,969 reserved for insurance.

The general fund is the chief operating fund of the City. At December 31, 2006, unreserved fund balance of the general fund was \$2,832,030, while total fund balance reached \$3,747,297. As a measure of general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.5% of total fund expenditures, while total fund balance also represents 12.6% of that same amount.

Revenues for governmental functions totaled \$43,611,213 in fiscal year ended December 31, 2006, which represents an increase of 10.2% from the fiscal year ended December 31, 2005.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

The following table presents the amount of revenues from various sources, as well as, increases or decreases from the prior year:

Revenues Classified by Source
Governmental Funds

	<u>December 31,</u> <u>2006 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2005 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
Revenues					
Real property taxes and tax items	\$ 13,898,428	31.87%	\$ 13,356,363	\$ 542,065	4.06%
Non-property tax items	7,974,502	18.29%	7,564,151	410,351	5.42%
Departmental income	8,135,902	18.66%	7,965,695	170,207	2.14%
Intergovernmental charges	73,545	0.17%	79,927	(6,382)	-7.98%
Use of money and property	380,945	0.87%	363,816	17,129	4.71%
Licenses and permits	212,570	0.49%	232,679	(20,109)	-8.64%
Fines and forfeitures	280,660	0.64%	251,739	28,921	11.49%
Sale of property and compensation for loss	272,937	0.63%	417,404	(144,467)	-34.61%
Miscellaneous	36,342	0.08%	101,989	(65,647)	-64.37%
Interfund Revenue	80,000	0.18%	-	80,000	100.00%
State and Federal Aid	12,265,382	28.12%	9,245,878	3,019,504	32.66%
Total Revenues	<u>\$ 43,611,213</u>	<u>100.00%</u>	<u>\$ 39,579,641</u>	<u>\$ 4,031,572</u>	

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Real property taxes and tax items - the \$542,065 increase was caused in part by the increase in the tax levy.
- Miscellaneous - the \$65,647 decrease was primarily caused by a decrease in Community Development activity.
- State and Federal Aid – the \$3,019,504 increase was primarily caused by an increase in aid due to the October storm.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

The following table presents expenditures, by function, compared to prior year amounts:

Expenditures by Function
Governmental Funds

	<u>December 31,</u> <u>2006 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2005 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
Expenditures:					
General governmental support	\$ 3,765,258	8.14%	\$ 3,602,707	\$ 162,551	4.51%
Public safety	8,010,342	17.32%	7,741,957	268,385	3.47%
Transportation	3,701,700	8.01%	3,439,156	262,544	7.63%
Economic assistance and opportunity	187,784	0.41%	180,370	7,414	4.11%
Culture and recreation	1,793,572	3.88%	1,650,146	143,426	8.69%
Home and community services	12,535,159	27.11%	10,840,260	1,694,899	15.64%
Employee benefits	7,967,447	17.23%	7,392,584	574,863	7.78%
Capital outlay	4,653,784	10.06%	3,403,133	1,250,651	36.75%
Debt service:		0.00%			
Principal	2,991,452	6.47%	3,365,902	(374,450)	-11.12%
Interest	631,715	1.37%	598,305	33,410	5.58%
Total Expenditures	<u>\$ 46,238,213</u>	<u>100.00%</u>	<u>\$ 42,214,520</u>	<u>\$ 4,023,693</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis

December 31, 2006

The following provides an explanation of the expenditures by function that changed significantly over the prior year:

Expenditures

- Home and Community Services - The \$1,694,899 increase was caused by the increase in expenditures relating to Federal and State programs.
- Employee Benefits - The \$574,863 increase was caused by increases in pension, workers' compensation and health insurance costs.
- Capital Outlay – The \$1,250,651 increase was caused by an increase in contractual obligations for capital projects.

The current year excess of revenues over expenditures is presented below:

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

	<u>Major Funds</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues	\$ 31,508,548	\$ 11,072,122	\$ 1,030,543	\$ 43,611,213
Expenditures	<u>29,805,506</u>	<u>11,778,923</u>	<u>4,653,784</u>	<u>46,238,213</u>
Excess (Deficiency) of Revenues over Expenditures	1,703,042	(706,801)	(3,623,241)	(2,627,000)
Other Financing Sources, Net	<u>72,879</u>	<u>350,000</u>	<u>5,217,121</u>	<u>5,640,000</u>
Net Change in Fund Balances	1,775,921	(356,801)	1,593,880	3,013,000
Fund Balance at January 1, 2006	<u>1,971,376</u>	<u>1,045,824</u>	<u>(201,445)</u>	<u>2,815,755</u>
Fund Balance at December 31, 2006	<u>\$ 3,747,297</u>	<u>\$ 689,023</u>	<u>\$ 1,392,435</u>	<u>\$ 5,828,755</u>

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2006

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$3,108,000 decrease in appropriations and can be briefly summarized as follows:

- \$540,580 of the decrease was for employee benefits that are being amortized. \$219,000 of the decrease was for costs relating to debt service. There was a \$2,348,420 decrease for personnel and contractual services within the departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2006, amounted to \$44,671,535 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, and equipment.

Current assets net of depreciation are presented below:

Summary of City of North Tonawanda's Capital Assets
(Net of Depreciation)

	<u>2006</u>	<u>2005</u>	<u>Percent of</u> <u>Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Transportation network	3,413,246	3,653,260	-6.57%
Buildings and improvements	7,672,007	7,556,081	1.53%
Machinery and equipment	2,598,245	1,723,504	50.75%
Water treatment and distribution network	5,634,532	5,790,835	-2.70%
Sanitary sewer network	20,953,155	21,909,063	-4.36%
Work in progress	-	500,000	-100.00%
Total	<u>\$ 44,671,535</u>	<u>\$ 45,533,093</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis

December 31, 2006

Long-term Debt

At December 31, 2006, the City had total long-term debt outstanding of \$16,440,520 as compared to \$12,678,509 in the prior year. The amount is comprised of Serial Bonds of \$13,861,500, long term portion of retirement contributions of \$1,565,454 and Compensated Absences of \$1,013,566. During the year retirement of debt amounted to \$3,030,177. New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the City is \$70,900,456, which is significantly in excess of the City's outstanding general obligation debt.

Since 2006, the City's general obligation debt has maintained an A3 rating from Moody's Investment Service.

Additional information on the City's long-term debt can be found on pages 43-45 of the Notes to the Financial Statements.

Short-term Debt

At December 31, 2006, the City had short-term debt outstanding; the amount is comprised of Revenue Anticipation Notes of \$2,870,000 compared to 3,300,000 in the prior year. The Bond Anticipation Note balance as of December 31, 2006 is zero as compared to \$1,514,000 in the prior year.

Request for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Office of the City Accountant, 216 Payne Avenue, North Tonawanda, New York 14120.

BASIC FINANCIAL STATEMENTS

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2006

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 5,502,697
Receivables (Net of Allowances for Estimated Uncollectables):	
Taxes	3,542,138
Accounts	1,802,142
Loans	49,394
State and Federal	3,478,461
Due from Other Governments	967,144
Prepaid Expenses	493,211
Capital Assets	
Land	4,400,350
Other Capital Assets, Net of Depreciation	<u>40,271,185</u>
Total Assets	<u>\$ 60,506,722</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2006

LIABILITIES AND NET ASSETS

	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable	\$ 679,071
Accrued Liabilities	347,110
Accrued Interest	157,183
Bond Interest and Matured Bonds Payable	100,684
Due to Other Governments	1,760,529
Deferred Revenues	4,214,582
Other Liabilities	34,456
Long-term Liabilities:	
Due within One Year	5,161,000
Due in more than One Year	14,149,520
Total Liabilities	<u>26,604,135</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	23,539,685
Restricted for:	
Retirement	493,210
Insurance	295,969
Workers' Compensation	200,000
Unrestricted	9,373,723
Total Net Assets	<u>33,902,587</u>
Total Liabilities and Net Assets	<u>\$ 60,506,722</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants And Contributions</u>	
Functions/Programs:					
Governmental Activities:					
General Government	\$ (4,990,064)	\$ 412,923	\$ -	\$ -	\$ (4,577,141)
Public Safety	(12,470,986)	295,480	1,780,276		(10,395,230)
Health		28,274			28,274
Transportation	(9,430,061)	7,228	123,171	1,030,543	(8,269,119)
Economic Assistance and Opportunity	(276,489)				(276,489)
Culture and Recreation	(2,518,047)	1,103,199	32,594		(1,382,254)
Home and Community Services	(14,887,398)	6,855,573	4,178,104		(3,853,721)
Interest and Fiscal Charges	(772,625)	-	-	-	(772,625)
Total Governmental Activities	<u>\$ (45,345,670)</u>	<u>\$ 8,702,677</u>	<u>\$ 6,114,145</u>	<u>\$ 1,030,543</u>	<u>(29,498,305)</u>
General Revenues:					
Property Taxes Levied for General Purposes					12,677,708
Real Property Tax Items					1,220,720
Non-property Tax Items					7,974,502
Use of Money and Property					380,945
Sales of Property and Compensation for Loss					272,937
Miscellaneous					36,342
Interfund Revenues					80,000
State Aid					<u>5,120,694</u>
Total General Revenues					<u>27,763,848</u>
Change in Net Assets					(1,734,457)
Total Net Assets at Beginning of Year					<u>35,637,044</u>
Total Net Assets of End of Year					<u>\$ 33,902,587</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Balance Sheet
December 31, 2006

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,927,446	\$ 1,645,252	\$ 1,829,315	\$ 100,684	\$ 5,502,697
Receivables (Net of Allowances for Estimated Uncollectables):					
Taxes	3,542,138				3,542,138
Accounts	320,118	1,482,024			1,802,142
Loans		49,394			49,394
State and Federal	2,445,338	1,033,123			3,478,461
Due from Other Funds	1,629,029				1,629,029
Due from Other Governments	967,144				967,144
Prepaid Expenses	<u>419,299</u>	<u>73,912</u>	<u> </u>	<u> </u>	<u>493,211</u>
 Total Assets	 <u>\$ 11,250,512</u>	 <u>\$ 4,283,705</u>	 <u>\$ 1,829,315</u>	 <u>\$ 100,684</u>	 <u>\$ 17,464,216</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Balance Sheet
December 31, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 368,926	\$ 246,102	\$ 64,043	\$	\$ 679,071
Accrued Liabilities	299,324	47,786			347,110
Revenue Anticipation Notes Payable	2,870,000				2,870,000
Due to Other Funds		1,290,648	338,381		1,629,029
Due to Other Governments	1,121,019	639,510			1,760,529
Deferred Revenues	2,843,946	1,370,636			4,214,582
Other Liabilities			34,456		34,456
Bond Interest and Matured Bonds Payable				100,684	100,684
Total Liabilities	<u>7,503,215</u>	<u>3,594,682</u>	<u>436,880</u>	<u>100,684</u>	<u>11,635,461</u>
Fund Balances:					
Reserved for:					
Encumbrances	1,492,552	25,458			1,518,010
Retirement	419,298	73,912			493,210
Insurance	295,969				295,969
Workers' Compensation	200,000				200,000
Unreserved:					
Designated for Golf Course Improvements	81,401				81,401
Undesignated	1,258,077	589,653	1,392,435		3,240,165
Total Fund Balances	<u>3,747,297</u>	<u>689,023</u>	<u>1,392,435</u>	<u>-</u>	<u>5,828,755</u>
Total Liabilities and Fund Balances	<u>\$ 11,250,512</u>	<u>\$ 4,283,705</u>	<u>\$ 1,829,315</u>	<u>\$ 100,684</u>	<u>\$ 17,464,216</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

Reconciliation of Statement of Net Assets
To Governmental Fund Balances
For the Year Ended December 31, 2006

	<u>Governmental Activities</u>
Total Governmental Fund Balances	\$ 5,828,755
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	44,671,535
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	(16,440,520)
Net accrued interest for bonds are not reported in the funds	<u>(157,183)</u>
Net Assets of Governmental Activities	<u>\$ 33,902,587</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:					
Real Property Taxes	\$ 12,677,708	\$	\$	\$	\$ 12,677,708
Real Property Tax Items	1,220,720				1,220,720
Non-property Tax Items	7,974,502				7,974,502
Departmental Income	1,286,117	6,849,785			8,135,902
Intergovernmental Charges	73,545				73,545
Use of Money and Property	340,301	40,644			380,945
Licenses and Permits	212,570				212,570
Fines and Forfeitures	280,660				280,660
Sale of Property and Compensation for Loss	269,922	3,015			272,937
Miscellaneous	35,768	574			36,342
Interfund Revenue	80,000				80,000
State Aid	5,489,435	575	1,030,543		6,520,553
Federal Aid	1,567,300	4,177,529			5,744,829
Total Revenues	<u>31,508,548</u>	<u>11,072,122</u>	<u>1,030,543</u>	<u>-</u>	<u>43,611,213</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Expenditures:					
Current:					
General Government Support	\$ 3,694,107	\$ 71,151	\$	\$	\$ 3,765,258
Public Safety	8,010,342				8,010,342
Transportation	3,701,700				3,701,700
Economic Opportunity and Development	187,784				187,784
Culture and Recreation	1,793,572				1,793,572
Home and Community Services	3,035,097	9,500,062			12,535,159
Employee Benefits	6,772,341	1,195,106			7,967,447
Capital Outlay			4,653,784		4,653,784
Debt Service - Principal	2,175,750	815,702			2,991,452
Debt Service - Interest	434,813	196,902			631,715
Total Expenditures	<u>29,805,506</u>	<u>11,778,923</u>	<u>4,653,784</u>	<u>-</u>	<u>46,238,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,703,042</u>	<u>(706,801)</u>	<u>(3,623,241)</u>	<u>-</u>	<u>(2,627,000)</u>
Other Sources and (Uses):					
Proceeds of Bonds	422,879		4,853,121		5,276,000
Proceeds of Bond Anticipation Notes			364,000		364,000
Transfers from Other Funds		350,000			350,000
Transfers to Other Funds	<u>(350,000)</u>				<u>(350,000)</u>
Total Other Sources and (Uses)	<u>72,879</u>	<u>350,000</u>	<u>5,217,121</u>	<u>-</u>	<u>5,640,000</u>
Net Change in Fund Balances	1,775,921	(356,801)	1,593,880	-	3,013,000
Fund Balance at Beginning of Year	<u>1,971,376</u>	<u>1,045,824</u>	<u>(201,445)</u>	<u>-</u>	<u>2,815,755</u>
Fund Balance at End of Year	<u>\$ 3,747,297</u>	<u>\$ 689,023</u>	<u>\$ 1,392,435</u>	<u>\$ -</u>	<u>\$ 5,828,755</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, 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, 2006**

	<u>Governmental Activities</u>
Amounts Reported for Governmental Activities in the Statement of of Activities are Different Because:	
Net Changes in fund balances of governmental funds	\$ 3,013,000
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as a long-term asset.	1,271,812
Depreciation expense not recorded in governmental funds.	(1,633,369)
The issuance of long-term debt increases the current financial resources of governmental funds. However, in the statement of activities, it is reflected as an increase of debt.	(4,192,906)
Net interest on bonds expensed in statement of activities but not in statement for governmental funds.	(162,007)
Changes in compensated absences are not reflected in the governmental funds.	<u>(30,987)</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,734,457)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006

	<u>Original</u>		<u>Final</u>		<u>Budgetary</u>		Variance
	<u>Budget</u>		<u>Budget</u>		<u>Actual</u>		<u>Final Budget</u>
							<u>Positive (Negative)</u>
Revenues:							
Real Property Taxes	\$ 12,697,497		\$ 12,697,497		\$ 12,677,708		\$ (19,789)
Real Property Tax Items	960,000		960,000		1,220,720		260,720
Non-property Tax Items	7,860,000		7,860,000		7,974,502		114,502
Departmental Income	1,330,700		1,330,700		1,286,117		(44,583)
Intergovernmental Charges	97,080		97,080		73,545		(23,535)
Use of Money and Property	102,000		102,000		340,301		238,301
Licenses and Permits	213,600		213,600		212,570		(1,030)
Fines and Forfeitures	325,000		325,000		280,660		(44,340)
Sale of Property and Compensation for Loss	320,200		320,200		269,922		(50,278)
Miscellaneous	11,000		11,000		35,768		24,768
Interfund Revenues	80,000		80,000		80,000		-
State Aid	4,024,894		4,024,894		5,489,435		1,464,541
Federal Aid	12,426		12,426		1,567,300		1,554,874
Total Revenues	<u>28,034,397</u>		<u>28,034,397</u>		<u>31,508,548</u>		<u>3,474,151</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006

	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Expenditures:				
Current:				
General Government Support	\$ 3,820,683	\$ 3,889,569	\$ 3,694,107	\$ 195,462
Public Safety	7,946,664	8,117,987	8,010,342	107,645
Transportation	3,476,974	3,702,350	3,701,700	650
Economic Opportunity and Development	159,670	197,205	187,784	9,421
Culture and Recreation	1,696,958	1,782,104	1,793,572	(11,468)
Home and Community Services	1,450,432	4,729,746	3,035,097	1,694,649
Employee Benefits	7,350,000	6,809,420	6,772,341	37,079
Debt Service - Principal	2,343,750	2,175,750	2,175,750	
Debt Service - Interest	489,266	438,266	434,813	3,453
Total Expenditures	<u>28,734,397</u>	<u>31,842,397</u>	<u>29,805,506</u>	<u>2,036,891</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(700,000)</u>	<u>(3,808,000)</u>	<u>1,703,042</u>	<u>5,511,042</u>
Other Sources and (Uses):				
Proceeds of Long Term Obligations	700,000	700,000	422,879	(277,121)
Transfers to Other Funds	-	(350,000)	(350,000)	-
Total Other Sources and (Uses)	<u>700,000</u>	<u>350,000</u>	<u>72,879</u>	<u>(277,121)</u>
Net Change in Fund Balances	-	(3,458,000)	1,775,921	5,233,921
Fund Balance at January 1, 2006	<u>1,971,376</u>	<u>1,971,376</u>	<u>1,971,376</u>	<u>-</u>
Fund Balance at December 31, 2006	<u>\$ 1,971,376</u>	<u>\$ (1,486,624)</u>	<u>\$ 3,747,297</u>	<u>\$ 5,233,921</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets
For the Year Ended December 31, 2006

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	\$ 3,000	\$ 144,502	\$ 61,078
Due From Other Funds	<u> -</u>	<u> -</u>	<u>34,456</u>
Total Assets	<u>\$ 3,000</u>	<u>\$ 144,502</u>	<u>\$ 95,534</u>
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,534</u>
Net Assets	<u>3,000</u>	<u>144,502</u>	<u> -</u>
Total Liabilities and Net Assets	<u>\$ 3,000</u>	<u>\$ 144,502</u>	<u>\$ 95,534</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to Financial Statements

December 31, 2006

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of North Tonawanda, New York (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental 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) Financial Reporting Entity

The City of North Tonawanda, New York, which was incorporated in 1897, is governed by City Law and other general laws of the State of New York and various local laws and ordinances. The City Council is the legislative body responsible for overall operations of the City. The Mayor serves as Chief Executive Officer and the City Treasurer as the Chief Fiscal Officer of the City.

The City provides the following basic services: general government support, police protection and law enforcement, fire protection, safety inspection, highway maintenance, culture, recreation programs, street lighting, refuse collection, water, and wastewater.

All governmental activities and functions performed for the City of North Tonawanda are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the City of North Tonawanda, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

A) **Financial Reporting Entity (Cont.)**

Based on the foregoing criteria and the significant factors presented below, the following organization is included in the reporting entity.

The City of North Tonawanda Public Housing Agency, which is administered on the City's behalf by Belmont Shelter Corp., provides low-income housing assistance to qualifying citizens of the City of North Tonawanda. The North Tonawanda Public Housing Agency is included in the City's financial statements because the City Council exercises oversight control over it. The activities of the North Tonawanda Public Housing Agency are included within the Special Grant Fund of the City's financial statements.

B) **Government-wide and Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. The effects of interfund activity has been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead of general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Cont.)

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus.

Accrual Basis - Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Modified Accrual Basis - Under this 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 60 days of the end of the current fiscal period. Revenues from federal, state, or other grants designated for specific City expenditure are recognized when the related expenditures are incurred.

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 and claims and judgments, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

C) **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)**

The City reports the following major governmental funds:

General Fund - The principal operating fund that includes all operations not required to be recorded in other funds.

Water Fund - This fund accounts for the revenues and expenditures derived from providing water services to City residents.

Sewer Fund - This fund accounts for the revenues and expenditures derived from providing sanitary sewer services to City residents.

Special Grant Fund - This fund is used to account for the grant proceeds that are made available to the City by the United States Department of Housing and Urban Development.

Debt Service Fund - This fund is used to account for the financial resources accumulated for payment of future principal and interest on long-term indebtedness for all funds.

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

Additionally, the City reports the following fiduciary fund types that are used to account for assets held by the City in a custodial capacity:

Agency Fund - Used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency funds, such as payroll withholdings, are reported as liabilities.

Permanent and Private Purpose Trusts - Used to account for donated funds used for the purposes designated by the donors.

Note 1 - Summary of Significant Accounting Policies (Cont.)

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Concl.)

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D) Property Tax Revenue Recognition

Property taxes attach an enforceable lien on property as of December 31. Taxes are levied on April 1. The City bills and collects its own taxes and also serves as collector of Niagara County and North Tonawanda City School District property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The City is responsible for School District taxes reaching fourteen months delinquency.

An allowance for uncollectible taxes has been recorded for those property taxes which have been deemed to be uncollectible.

The City may not annually levy taxes, other than the debt service on City indebtedness in excess of 2% of the average full valuation of taxable real estate in the City for the previous years. This maximum taxing power for the year ended December 31, 2006 amounted to \$22,480,818. The 2006 tax levy of \$12,677,708 represents approximately 44% of the maximum taxing power.

Note 1 - Summary of Significant Accounting Policies (Cont.)

E) Budgets and Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In mid-May, budget documentation is submitted to department heads by the Budget Officer, requesting estimates of revenue and appropriations.
2. In mid-June, each department head submits to the Budget Officer his or her departmental estimates of revenue and appropriations for the ensuing fiscal year.
3. During the month of July, the Mayor, City Accountant and Department Heads meet and formulate the Mayor's budget. On or before August 1st, the Mayor shall submit to the Common Council a budget for the ensuing year and an accompanying message.
4. The Common Council and Budget Officer review the Mayor's budget at various workshop sessions during the month of August.
5. A public hearing is conducted to obtain taxpayer comments.
6. The Common Council has the power to delete, reduce, increase or add items to the Mayor's budget. All changes to the proposed Mayor's budget require approval from a majority of Council Members.
7. On or before September 15th, the budget is legally enacted through passage of a resolution. If the Common Council fails to adopt the budget by September 15th, the budget submitted by the Mayor shall be deemed adopted for the ensuing fiscal year.
8. The Mayor reviews the adopted budget and has the opportunity to veto the resolution adopting the budget within 10 days from the date of adoption. The Mayor may disapprove the entire budget or one or more specific appropriations or budget items. If the Mayor vetoes the budget, the Council needs four votes to override.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

E) Budgets and Budgetary Data (Cont.)

9. Common Council authorization is required for amounts exceeding \$250 for transfers of budgeted amounts within departments within any fund, transfers between departments within any fund, or any revisions that alter the total appropriations of any fund.
10. If the Mayor vetoes the budget, the Council needs a 2/3 vote or 4 votes to override. The Common Council shall meet no later than October 31st to consider overriding the Mayor's veto of budget items.
11. Formal budgetary integration is employed as a management control device during the year for all governmental fund types except for the Special Grant Fund, Debt Service Fund, and Capital Projects Fund. Budgetary control for the Special Grant Fund is provided by annual grant entitlements that are approved by the United States Department of Housing and Urban Development. Budgetary control over the Debt Service Fund and Capital Projects Fund are provided by Common Council approval of bond authorizations and provisions of bond indebtedness.

F) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all City funds. Outstanding encumbrances at year end, exclusive of grant-related commitments, are presented for GAAP reporting purposes as reservations of fund balances, and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Note 1 - Summary of Significant Accounting Policies (Cont.)

G) Investments

The City had no marketable securities as of December 31, 2006. Investments such as certificates of deposits are shown under the caption "cash."

II) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$35,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	100 years
Wastewater Treatment Distribution Network	25-100 years
Machinery and Equipment	10-25 years
Transportation Network	10-75 years
Sanitary Sewer Network	25-100 years

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period in the government-wide statements. Amortization is reflected in income for the period in the government-wide statements. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful lives of the assets, whichever is shorter. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

D) Insurance

Through October 22, 1987, the City purchased insurance covering liability for most risks including but not limited to general liability, police professional liability and excess liability.

Effective October 23, 1987, and originally funded in 1986, the City instituted a self-insurance program which covers general, automobile, streets and roads, and fire and building damage. Effective September 1993, the City obtained general liability insurance coverage which includes a self-insurance retention of \$100,000 for each claim with a \$200,000 self-insurance retention annual aggregate (stop loss aggregate) which gives the City coverage in the case of a claim over that self-insured limit. The City also obtained commercial auto bodily injury liability insurance in the amount of \$100,000.

Based on our standard operating procedure, judgments and claims up to \$25,000 are paid out of current budgetary appropriations. Judgments and claims over \$25,000 but less than \$200,000 are paid out of the General Fund Reserve for Insurance. Any judgments and claims greater than \$200,000 are bonded.

The City is also currently covered under property insurance, emergency medical technician (EMT) professional liability/malpractice, police professional liability, and public officials bond and theft, disappearance and destruction policies.

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred, the amount of loss can be reasonably estimated, and the estimated amount of loss exceeds insurance coverage.

Effective June 9, 1999, the City became self-insured for Workers' Compensation. Prior to June 9, 1999, Workers' Compensation coverage was provided through the Niagara County Self-Insurance Fund.

J) Pensions

Nearly all City employees are members of various New York State retirement systems. The City is invoiced annually by the Systems for its share of the costs.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

K) Vacation, Sick Leave and Compensatory Absences

City employees are granted vacation and sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Depending upon the years of service and/or union membership, most employees are entitled to between one and six weeks of annual vacation. Generally, employees may not accrue unused vacation days beyond the expiration of the City's fiscal year end. Sick leave is administered to employees of the City as follows:

	<u>Fire</u>	<u>Police</u>	<u>CSEA</u>	<u>DPW</u>	<u>OPEIU</u>
Monthly Accrual Employed Prior to 1987	1 ½ days	1 ½ days	1 ½ days	1 ½ days	1 ½ days
Monthly Accrual Employed After 1987	1 day	1 1/4 days	1 day	1 day	1 day
Maximum Accrual	180 days	200 days	180 days	180 days	272 days
Payment at Termination	35% Unused	50% Unused	0%	0%	20%

City employees are paid in December for unused vacation time applicable to the current year. Vacation days are earned on the first day of the year. Sick days are earned on the first day of each month, for the prior month of service, defined as being on the active payroll for one full pay period.

Payment of sick leave and compensatory absences in the General Long-term Debt Account Group is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory damages when such payment becomes due.

L) Economic Development and Rehabilitation Loans Receivable

These loans receivable are equally offset by deferred revenue which indicates that they do not constitute "available expendable resources" since they are not a component of net current assets.

Note 1 - **Summary of Significant Accounting Policies (Cont.)**

M) **Federal Grants**

Federal grants are recorded as grant receivable and deferred revenue when the entitlement period occurs. Revenue is recognized as the City incurs expenditures and meets the performance requirements of the grants.

N) **Post-employment Benefits**

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. These benefits terminate upon death of the retired employee. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the 2006 fiscal year, approximately \$649,000 was paid on behalf of 84 retirees and recorded as an expenditure in the General Fund.

O) **Restrictions, Reserves and Designations**

The government-wide fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- ***Invested in Capital Assets, Net of Related Debt*** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- ***Restricted Net Assets*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The City has no balance in this category.
- ***Unrestricted Net Assets*** - This category represents net assets of the City not restricted for any project or other purpose.

Note 1 - Summary of Significant Accounting Policies (Concl.)

O) Restrictions, Reserves and Designations (Cont.)

In the fund financial statements, reserves represent that portion of fund balance that has been legally segregated for a specific use or is not appropriate for expenditure by the City at December 31, 2006, and include:

Reserved for Encumbrances – representing commitments related to unperformed (executory) contracts for goods and/or services.

Reserved for Retirement - representing resources that must be used for retirement payments that will be made in future periods.

Reserved for Insurance - representing resources that must be used for liability insurance payments that will be made in future periods.

Reserved for Workers' Compensation - representing resources that must be used for workers' compensation payments that will be made in future periods.

In the fund financial statements, designations are not legally required segregations, but are segregated for a specific purpose by the City. Designations at December 31, 2006 were as follows:

Designated for Subsequent Years' Expenditures - representing available fund balances being appropriated to meet future years' expenditure requirements.

Designated for Golf Course Improvements - representing golf course fees designated for capital improvements to Deerwood Golf Course.

Note 2 - Reporting on Budgetary Basis

The City reports its budgetary status with the actual data including encumbrances as charges against budget appropriations. In addition, budgetary comparison information is not presented for certain Special Revenue Funds because they are not considered part of the City's annual budgetary plan.

Budget columns presented in the accompanying financial statements reflect a deficiency of revenues and other financing sources over expenditures and other financing uses. This deficiency is caused by the anticipated use of prior year's fund balance, which had been designated for 2006 expenditures through the budget process.

Budgetary control of the General Fund is minimally exercised at the department and account level. There were no excesses of expenditures/expenses over appropriations at the established control level.

Note 3 - **Cash and Investments**

The City's investment policies are governed by state statutes. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The City Comptroller is authorized to use 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 deposit in an amount equal to at least 105% of the amount of all 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 its municipalities and school districts. The detail of cash and investments at December 31, 2006 consists of:

Petty Cash	\$	6,900
Deposits:		
Checking and Savings Account		<u>5,704,377</u>
Total		<u>\$ 5,711,277</u>

Note 3 - Cash and Investments (Cont.)

Deposits

Deposits at December 31, 2006 were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

All deposits are carried at cost and consist of:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	
Primary Government:			
General Fund	\$ 680,761	\$ 1,920,546	Insured (FDIC), collateral held by City's Custodial Bank
Special Grants Fund	1,089,196	1,645,252	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	1,829,453	1,829,315	Insured (FDIC), collateral held by City's Custodial Bank
Debt Service	<u>100,684</u>	<u>100,684</u>	
	<u>3,700,094</u>	<u>5,495,797</u>	
Agency Fund:			
Trust and Agency Fund	<u>210,761</u>	<u>208,580</u>	Insured (FDIC), collateral held by City's Custodial Bank
Total	<u>\$ 3,910,855</u>	<u>\$ 5,704,377</u>	

Note 4 - Receivables - State and Federal

State and federal receivables accrued by the City at December 31, 2006 include the following:

General Fund:	
State Aid - Assessor	\$ 63,065
State Aid - Court System	20,940
State Aid - Disaster Assistance	800,000
State Aid - Emergency Management	6,213
State Aid - Police	247
Federal Aid - Disaster Assistance	<u>1,554,873</u>
Total General Fund	<u>2,445,338</u>
Special Grant Fund:	
Federal Aid	<u>1,033,123</u>
Total	<u>\$ 3,478,461</u>

Note 5 - Due from Other Governments

Other government receivables accrued by the City at December 31, 2006 include the following:

General Fund:

County of Niagara - Sales Tax \$ 967,144

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

<u>Type</u>	<u>Balance at January 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2006</u>
Capital Assets Not Being Depreciated:				
Land	\$ 4,400,350	\$ -	\$ -	\$ 4,400,350
Capital Assets Being Depreciated:				
Buildings and Improvements	10,279,458	218,721	57,185	10,440,994
Machinery and Equipment	5,088,614	1,110,275		6,198,889
Transportation Network	6,655,740			6,655,740
Water Treatment and Distribution Network	8,532,933			8,532,933
Sanitary Sewer Network	39,715,176	-	-	39,715,176
Total Capital Assets Being Depreciated	<u>70,271,921</u>	<u>1,328,996</u>	<u>57,185</u>	<u>71,543,732</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,723,377	102,795	57,185	2,768,987
Machinery and Equipment	3,365,110	235,534		3,600,644
Transportation Network	3,002,480	240,014		3,242,494
Water Treatment and Distribution Network	2,742,098	156,303		2,898,401
Sanitary Sewer Network	17,806,113	955,908	-	18,762,021
Total Accumulated Depreciation	<u>29,639,178</u>	<u>1,690,554</u>	<u>57,185</u>	<u>31,272,547</u>
Total Assets Being Depreciated, Net	<u>\$ 40,632,743</u>	<u>\$ (361,558)</u>	<u>\$ -</u>	<u>\$ 40,271,185</u>

Note 7 - Retirement Plans

Plan Description

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

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Employees in the System more than ten years are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>	<u>PFRS</u>
2006	\$ 1,019,477	\$ 953,367
2005	881,413	879,064
2004	601,372	575,451

The City of North Tonawanda's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Note 7 - Retirement Plans (Cont.)

Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to begin making payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The City of North Tonawanda elected to prepay such liability.

Note 8 - Short-term Debt

The City may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund. The balance at December 31, 2006 was \$2,870,000.

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Funds. Principal payments on BAN's must be made annually. There was no balance at December 31, 2006.

State law generally requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated reductions of principal are made on an annual basis.

Note 9 - Long-term Debt

- a. At December 31, 2006 the total outstanding long-term bond indebtedness of the City aggregated \$13,861,500. Of this amount, \$12,428,850 was subject to the constitutional debt limit and represented approximately 17.53% of its debt limit.
- b. Compensated Absences represents the value of earned and unused portion of the liability for compensated absences.

Note 9 - Long-term Debt (Cont.)

c. Summary Long-term Debt. The following is a summary of long-term liabilities outstanding at December 31, 2006:

	<u>General Long-term Debt</u>
Serial Bonds	\$ 13,861,500
NYS Retirement System	1,565,454
Compensated Absences	<u>1,013,566</u>
	<u>\$ 16,440,520</u>

d. The following is a summary of changes in long-term liabilities for the year ended December 31, 2006:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>
Balance at January 1, 2006	\$ <u>11,212,952</u>	\$ <u>482,978</u>	\$ <u>982,579</u>
Additions	<u>5,276,000</u>	<u>1,485,201</u>	<u>30,987</u>
Deletions	<u>(2,627,452)</u>	<u>(402,725)</u>	<u>-</u>
Balance at December 31, 2006	<u>\$ 13,861,500</u>	<u>\$ 1,565,454</u>	<u>\$ 1,013,566</u>

Additions and deletions to compensated absences and other long-term debt are shown net since it is impracticable to determine these amounts separately.

Note 9 - Long-term Debt (Cont.)

e. Maturity Schedule

The following schedule sets forth the remaining annual maturities of long-term debt by debt type at December 31, 2006:

<u>Year</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Total</u>
2007	\$ 2,291,000	\$ 649,198	\$ 2,940,198
2008	2,000,000	568,884	2,568,884
2009	1,710,000	476,053	2,186,053
2010	1,425,000	395,949	1,820,949
2011	1,035,000	329,711	1,364,711
2012-2016	3,555,500	1,002,882	4,558,382
2017-2021	1,345,000	366,502	1,711,502
2022-2026	<u>500,000</u>	<u>91,950</u>	<u>591,950</u>
Total	<u>\$ 13,861,500</u>	<u>\$ 3,881,129</u>	<u>\$ 17,742,629</u>

Note 10 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2006 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,629,029	\$
Capital Projects Funds		338,381
Sewer Fund		763,116
Water Fund	-	<u>527,532</u>
	<u>\$ 1,629,029</u>	<u>\$ 1,629,029</u>

Note 11 - Fund Balance Reservations

Reservations of fund balances of governmental fund types are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures. Specific reservations of the fund balance accounts are summarized below.

<u>Fund</u>	<u>Balance</u>
Government Fund Type:	
General Fund - Retirement	\$ 419,298
General Fund - Reserve for Insurance	295,969
General Fund - Reserve for Workers' Compensation	200,000
General Fund - Reserve for Encumbrances	1,492,552
Special Revenue Fund Type:	
Sewer Fund - Encumbrances	18,439
Sewer Fund - Retirement	40,779
Water Fund - Encumbrances	7,019
Water Fund - Retirement	<u>33,133</u>
Total	<u>\$ 2,507,189</u>

Note 12 - Fund Balance Designations

Designations are not legally required segregations but are segregated for a specific purpose by the City at December 31, 2006 and consist of the following:

Designated for golf course improvements represents available fund balances that can only be appropriated to finance improvements at the Deerwood Golf Course:

<u>Fund</u>	<u>Amount</u>
Governmental Fund Type:	
General Fund	<u>\$ 81,401</u>

Note 13 **Contingencies**

The City is a recipient of several grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

Note 14 **Special Grant Fund**

The City has entered into several contracts with the United States Department of Housing and Urban Development. These contracts authorize the City to receive grant assistance for expenditures towards eligible activities for various program years. Any excess of authorizations over revenues are still available to the City as follows:

<u>Program Year</u>	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
1998	\$ 400,000	\$ 400,000	\$ -
1999	400,000	400,000	
2005	315,790	315,790	
2006	14,715	-	14,715
	<u>\$ 1,130,505</u>	<u>\$ 1,115,790</u>	<u>\$ 14,715</u>

Note 14 - **Special Grant Fund (Con't)**

The City has also entered into contracts with the New York State Housing Trust Fund Corporation for federal grant assistance from the United States Department of Housing and Urban Development passed through the State.

<u>Program Year</u>	<u>Home Rehabilitation Program</u>		
	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
	1998	\$ 285,000	\$ 285,000

<u>Program Year</u>	<u>Community Development Block Grant Program</u>		
	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
	2000	\$ 857,000	\$ 857,000
2003	358,558	358,558	
2005	285,967	285,967	
2006	650,000	-	650,000
	<u>\$ 2,151,525</u>	<u>\$ 1,501,525</u>	<u>\$ 650,000</u>

COMBINING FINANCIAL STATEMENTS

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Real Property Taxes				
A1001.	Real Property Taxes	<u>\$ 12,697,497</u>	<u>\$ 12,677,708</u>	<u>\$ (19,789)</u>	<u>\$ 12,201,695</u>
	Real Property Tax Items				
A1050.	Unneeded Reserve for Uncollected Taxes	600,000	811,512	211,512	768,183
A1081.	Other Payments in Lieu of Taxes (Shelter Tax Rent)	180,000	173,715	(6,285)	194,606
A1090.	Interest and Penalties on Taxes	<u>180,000</u>	<u>235,493</u>	<u>55,493</u>	<u>191,879</u>
	Total Real Property Tax Items	<u>960,000</u>	<u>1,220,720</u>	<u>260,720</u>	<u>1,154,668</u>
	Nonproperty Tax Items				
A1120.	Sales Tax (from County)	6,470,000	6,662,058	192,058	6,343,335
A1130.	Utilities Gross Receipts Tax	1,100,000	994,949	(105,051)	902,187
A1170.	Franchises	<u>290,000</u>	<u>317,495</u>	<u>27,495</u>	<u>318,629</u>
	Total Nonproperty Tax Items	<u>7,860,000</u>	<u>7,974,502</u>	<u>114,502</u>	<u>7,564,151</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Departmental Income				
A1230.	Treasurer's Fees	\$ 110,000	\$ 103,050	\$ (6,950)	\$ 108,663
A1231.	Treasurer's Tax Search Fees	15,000	20,354	5,354	22,600
A1235.	Reimbursement for Tax Sale				
	Advertising Expenses	2,500	1,895	(605)	2,037
A1255.	City Clerk's Fees	2,000	1,510	(490)	2,339
A1520.	Police Department Fees	6,200	13,420	7,220	4,766
A1550.	Public Pound Charges	700	1,150	450	800
A1560	Engineering Bids		250	250	85
A1603	Vital Statistics Fees	30,000	28,274	(1,726)	29,874
A1710	Public Works Services	7,000	7,228	228	4,097
A1980.	Public Market Fees and Charges	34,000	32,565	(1,435)	32,340
A1989.	Special Assessments	30,000	34,132	4,132	34,369
A2001.	Park and Recreation Charges	50,000	48,730	(1,270)	49,760
A2002.	Park Permits	8,500	17,291	8,791	21,185
A2003.	Tree Planting Program	4,000	2,450	(1,550)	3,010
A2004.	Boat Launch Permits	10,800	13,520	2,720	12,960
A2005.	Canal Festival	15,000	13,000	(2,000)	13,000
A2012.	Recreation Concessions	200,000	188,355	(11,645)	220,967
A2050.	Golf Charges	800,000	753,156	(46,844)	731,910
A2110.	Zoning Board Fees	5,000	3,150	(1,850)	3,620
A2130.	Refuse and Garbage		1,137	1,137	
A2189.	Other Home and Community Services		1,500	1,500	2,475
	Total Departmental Income	<u>1,330,700</u>	<u>1,286,117</u>	<u>(44,583)</u>	<u>1,300,857</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Intergovernmental Charges				
A2210.	Tax and Assessments Services for Other				
	Governments (N.T. School System)	13,000	-	(13,000)	13,195
A2261.	County Aid - Drunk Driving Program	37,000	36,609	(391)	34,953
A2262.	County Aid - S W E E P	2,000	-	(2,000)	
A2357.	County Aid - Nutrition		2,431	2,431	
A2358.	County Aid - Transportation	3,000	-	(3,000)	4,213
A2359.	County Aid - Youth Court		5,265	5,265	
A2376.	Department of Public Works Recycling	42,080	29,240	(12,840)	27,566
	Total Intergovernmental Charges	<u>97,080</u>	<u>73,545</u>	<u>(23,535)</u>	<u>79,927</u>
	Use of Money and Property				
A2401.	Interest and Earnings	25,000	132,176	107,176	127,074
A2402.	Interest Earned Capital	20,000	87,987	67,987	2,346
A2410.	Rentals on Real property	56,000	98,937	42,937	154,296
A2411.	Rentals Community Center	-	20,879	20,879	43,605
A2450.	Commissions - Telephone	1,000	322	(678)	312
	Total Use of Money and Property	<u>102,000</u>	<u>340,301</u>	<u>238,301</u>	<u>327,633</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Licenses and Permits				
A2501.	Business Licenses	\$ 2,900	\$ 1,914	\$ (986)	\$ 2,254
A2502.	Occupational Licenses	750	900	150	540
A2503.	Amusement Licenses	750	-	(750)	475
A2505.	Marriage Licenses	3,000	4,217	1,217	4,375
A2506.	Hunting and Fishing Licenses	2,000	1,474	(526)	1,580
A2508.	Trailer Licenses		919	919	
A2540.	Bingo Licenses	6,000	2,268	(3,732)	5,246
A2541.	Games of Chance Licenses	500	738	238	619
A2542.	Dog Licenses	20,000	21,770	1,770	18,376
A2553.	Car Dealership License	2,500	400	(2,100)	1,900
A2554.	Contractor Licenses	50,000	44,100	(5,900)	50,400
A2555.	Building Alteration Permits	70,000	92,305	22,305	92,874
A2565.	Plumbing Licenses	14,000	9,650	(4,350)	12,700
A2566.	Plumbing Permits	40,000	30,665	(9,335)	40,240
A2590.	Grading Permits	1,200	1,250	50	1,100
	Total Licenses and Permits	<u>213,600</u>	<u>212,570</u>	<u>(1,030)</u>	<u>232,679</u>
	Fines and Forfeitures				
A2610.	Fines and Forfeited Bail	<u>325,000</u>	<u>280,660</u>	<u>(44,340)</u>	<u>251,739</u>

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For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Sale of Property Compensation for Loss				
A2650.	Sale of Scrap and Excess Materials	\$ 15,000	\$ 15,365	\$ 365	\$ 14,058
A2655.	Minor Sales, Other	200	216	16	100
A2660.	Sale of Real Property	200,000	94,430	(105,570)	258,264
A2680.	Insurance Recoveries - Workers' Compensation	100,000	159,691	59,691	125,136
A2690.	Other Compensation for Loss	5,000	220	(4,780)	13,328
	Total Sale of Property and Compensation for Loss	<u>320,200</u>	<u>269,922</u>	<u>(50,278)</u>	<u>410,886</u>
	 Miscellaneous Local Sources				
A2701.	Refunds of Prior Years' Expenditures	1,000	17,218	16,218	2,520
A2770.	Other Unclassified Revenues	10,000	18,550	8,550	17,459
A2801.	Interfund Revenues	80,000	80,000		82,000
	Total Miscellaneous Local Sources	<u>91,000</u>	<u>115,768</u>	<u>24,768</u>	<u>101,979</u>

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With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	State Aid - General				
A3001.	Per Capita	\$ 3,066,989	\$ 3,806,480	\$ 739,491	\$ 3,066,989
A3005.	Mortgage Taxes	400,000	429,094	29,094	388,345
A3040.	State Aid - Tax Administration	20,000	22,055	2,055	9,520
A3088.	Assessor	63,505	63,065	(440)	63,210
A3089.	Court Security	285,000	-	(285,000)	225,226
A3309.	State Aid - Fire Code		-	-	11,200
A3310.	State Aid - Police	3,000	22,210	19,210	22,830
A3330.	State Aid - Court Facilities		190,766	190,766	
A3589.	Highway Maintenance	120,000	123,171	3,171	131,171
A3960.	Disaster Assistance	-	800,000	800,000	-
	Total State Aid - General	<u>3,958,494</u>	<u>5,456,841</u>	<u>1,498,347</u>	<u>3,918,491</u>
	State Aid - Culture and Recreation				
A3803.	Aging		-	-	8,000
A3820.	Youth Projects (Recreation)	10,500	32,594	22,094	13,423
A3821.	Youth Projects (Youth Board)	21,000	-	(21,000)	15,334
A3822.	Youth Projects	34,900	-	(34,900)	31,385
	Total State Aid - Culture and Recreation	<u>66,400</u>	<u>32,594</u>	<u>(33,806)</u>	<u>68,142</u>
	Total State Aid	<u>\$ 4,024,894</u>	<u>\$ 5,489,435</u>	<u>\$ 1,464,541</u>	<u>\$ 3,986,633</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Federal Aid				
A4320.	Federal Aid - COPS	\$	\$ -	\$ -	\$ 48,019
A4341.	Federal Aid - F.E.M.A.	12,426	12,427	1	180,535
A4960.	Federal Aid - Disaster		1,554,873	1,554,873	-
	Total Federal Aid	<u>12,426</u>	<u>1,567,300</u>	<u>1,554,874</u>	<u>228,554</u>
	 Proceeds from Long Term Obligations				
A5710.	Bond Proceeds	<u>700,000</u>	<u>422,879</u>	<u>(277,121)</u>	<u>-</u>
TOTAL GENERAL FUND REVENUES		<u>\$ 28,734,397</u>	<u>\$ 31,931,427</u>	<u>\$ 3,474,151</u>	<u>\$ 27,841,401</u>

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With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
	General Government Support					
	Legislative					
A1010.	Common Council					
.1	Personal Services	\$ 40,500	\$ 40,500	\$	\$ -	\$ 40,485
.4	Contractual Expenses	975	551	400	424	294
	Total Legislative	41,475	41,051	400	424	40,779
	Executive					
A1210.	Mayor					
.1	Personal Services	127,427	111,785		15,642	91,022
.2	Equipment	200	79		121	
.4	Contractual Expenses	14,030	9,309	604	4,117	6,600
	Total Executive	141,657	121,173	604	19,880	97,622
	Finance					
A1315.	Accountant (Comptroller)					
.1	Personal Services	174,676	173,112		1,564	166,857
.4	Contractual Expenses	11,351	12,207	4,450	(5,306)	8,716
	Total Accountant	186,027	185,319	4,450	(3,742)	175,573
A1320.	Auditor					
.4	Contractual Expenses	16,400	16,400	-	-	16,000

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 158,549	\$ 157,705	\$	\$ 844	\$ 153,435
.2	Equipment	1,000	-	1,000	-	
.4	Contractual Expenses	35,320	18,104	12,500	4,716	21,329
	Total Treasurer	<u>194,869</u>	<u>175,809</u>	<u>13,500</u>	<u>5,560</u>	<u>174,764</u>
A1355.	Assessment					
.1	Personal Services	204,976	204,976		-	153,965
.4	Contractual Expenses	31,925	40,228	4,712	(13,015)	62,922
	Total Assessment	<u>236,901</u>	<u>245,204</u>	<u>4,712</u>	<u>(13,015)</u>	<u>216,887</u>
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	<u>3,300</u>	<u>1,818</u>	<u>-</u>	<u>1,482</u>	<u>1,956</u>
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	<u>19,000</u>	<u>10,908</u>	<u>-</u>	<u>8,092</u>	<u>11,736</u>
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	<u>355,000</u>	<u>354,599</u>	<u>-</u>	<u>401</u>	<u>330,128</u>
	Total Finance	<u>1,011,497</u>	<u>990,057</u>	<u>22,662</u>	<u>(1,222)</u>	<u>927,044</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
	Staff					
A1410.	City Clerk					
.1	Personal Services	\$ 140,107	\$ 139,337	\$	\$ 770	\$ 133,385
.4	Contractual Expenses	24,375	19,683	5,277	(585)	14,593
	Total City Clerk	<u>164,482</u>	<u>159,020</u>	<u>5,277</u>	<u>185</u>	<u>147,978</u>
A1420.	Law					
.1	Personal Services	144,983	144,489		494	138,856
.4	Contractual Expenses	17,700	7,767	3,052	6,881	21,428
	Total Law	<u>162,683</u>	<u>152,256</u>	<u>3,052</u>	<u>7,375</u>	<u>160,284</u>
A1440.	Engineer					
.1	Personal Services	216,746	216,746		-	201,704
.2	Equipment		-		-	835
.4	Contractual Expenses	12,021	13,025	-	(1,004)	10,449
	Total Engineer	<u>228,767</u>	<u>229,771</u>	<u>-</u>	<u>(1,004)</u>	<u>212,988</u>
A1450.	Elections					
.2	Equipment	4,750	180	-	4,570	4,782
.4	Contractual Expenses	28,470	1,201		27,269	33,370
	Total Elections	<u>33,220</u>	<u>1,381</u>	<u>-</u>	<u>31,839</u>	<u>38,152</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A1490.	Public Works Administration					
.1	Personal Services	\$ 379,430	\$ 379,430	\$ -	\$ -	\$ 366,436
.4	Contractual Expenses	<u>38,650</u>	<u>34,725</u>	<u>-</u>	<u>3,925</u>	<u>37,141</u>
	Total Public Works Administration	<u>418,080</u>	<u>414,155</u>	<u>-</u>	<u>3,925</u>	<u>403,577</u>
	Total Staff	<u>1,007,232</u>	<u>956,583</u>	<u>8,329</u>	<u>42,320</u>	<u>962,979</u>
	Shared Services					
A1620.	Buildings					
.1	Personal Services	320,547	320,547	-	-	283,301
.4	Contractual Expenses	<u>279,494</u>	<u>276,714</u>	<u>3,489</u>	<u>(709)</u>	<u>233,974</u>
	Total Buildings	<u>600,041</u>	<u>597,261</u>	<u>3,489</u>	<u>(709)</u>	<u>517,275</u>
A1670.	Central Printing and Mailing					
.2	Equipment	16,880	16,880	-	-	17,168
.4	Contractual Expenses	<u>60,500</u>	<u>46,323</u>	<u>29,969</u>	<u>(15,792)</u>	<u>36,503</u>
	Total Central Printing and Mailing	<u>77,380</u>	<u>63,203</u>	<u>29,969</u>	<u>(15,792)</u>	<u>53,671</u>
	Total Shared Services	<u>677,421</u>	<u>660,464</u>	<u>33,458</u>	<u>(16,501)</u>	<u>570,946</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
Special Items						
A1910 .4	Unallocated Insurance	\$ 200,663	\$ 200,663	\$	\$	\$ 254,415
A1920 .1	Hospitalization Waiver	66,337	55,611		10,726	55,305
A1930 .4	Judgments and Claims	272,613	272,613	-	-	152,842
A1941 .4	Leases and Rights of Way	16,674	16,674		-	17,229
A1950 .4	Taxes on City Property	29,000	25,653		3,347	57,812
A1980 .4	Provisions for Reserve for Uncollected Taxes	425,000	353,565		71,435	386,173
	Total Special Items	<u>1,010,287</u>	<u>924,779</u>	<u>-</u>	<u>85,508</u>	<u>923,776</u>
	Total General Government Support	<u>3,889,569</u>	<u>3,694,107</u>	<u>65,453</u>	<u>130,409</u>	<u>3,523,146</u>
Public Safety						
A3120.	Police					
.1	Personal Services	3,990,374	3,965,751		24,623	3,786,723
.2	Equipment	25,759	25,031	-	728	23,389
.4	Contractual Expenses	232,638	225,341	11,997	(4,700)	216,561
	Total Police	<u>4,248,771</u>	<u>4,216,123</u>	<u>11,997</u>	<u>20,651</u>	<u>4,026,673</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A3310.	Traffic Control					
.1	Personal Services	\$ 268,213	\$ 251,249	\$	\$ 16,964	\$ 272,426
.4	Contractual Expenses	128,296	122,313	6,000	(17)	112,541
	Total Traffic Control	396,509	373,562	6,000	16,947	384,967
A3410.	Fire Department					
.1	Personal Services	2,755,884	2,755,884		-	2,660,184
.2	Equipment	26,200	26,030	3,882	(3,712)	27,469
.4	Contractual Expenses	345,405	336,779	10,178	(1,552)	335,687
	Total Fire Department	3,127,489	3,118,693	14,060	(5,264)	3,023,340
A3510.	Control of Animals					
.4	Contractual Expenses	<u>53,000</u>	<u>50,478</u>	<u>1,405</u>	<u>1,117</u>	<u>47,318</u>
A3620.	Safety Inspection					
.1	Personal Services	214,368	204,225		10,143	203,621
.4	Contractual Expenses	22,450	20,308	-	2,142	18,128
	Total Safety Inspection	236,818	224,533	-	12,285	221,749

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A3640.	Emergency Management					
.1	Personal Services	\$ 5,700	\$ 5,512	\$	\$ 188	\$ 4,244
.2	Equipment	9,000	8,666		334	328
.4	Contractual Expenses	8,850	8,770	1,036	(956)	8,189
	Total Emergency Management	23,550	22,948	1,036	(434)	12,761
A3650.	Building Demolition					
.4	Contractual Expenses	31,850	4,005	27,845	-	25,149
	Total Public Safety	8,117,987	8,010,342	62,343	45,302	7,741,957
	Transportation					
A5510.	Streets Maintenance					
.1	Personal Services	1,950,349	1,950,349		-	1,945,816
.2	Equipment	10,007	9,328	679	-	10,091
.4	Contractual Expenses	913,153	923,796	19,376	(30,019)	682,274
	Total Streets Maintenance	2,873,509	2,883,473	20,055	(30,019)	2,638,181
A5142.	Snow and Ice Control					
.1	Personal Services	24,760	24,760			4,780
.4	Contractual Expenses	128,996	118,382	7,566	3,048	194,567
	Total Snow and Ice Control	153,756	143,142	7,566	3,048	199,347

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A5182.	Street Lighting					
.4	Contractual Expenses	<u>\$ 675,085</u>	<u>\$ 675,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 601,628</u>
	Total Transportation	<u>3,702,350</u>	<u>3,701,700</u>	<u>27,621</u>	<u>(26,971)</u>	<u>3,439,156</u>
	Economic Opportunity and Development					
A6520.	Public Market					
.1	Personal Services	5,000	4,991		9	4,511
.4	Contractual Expenses	<u>1,000</u>	<u>338</u>		<u>662</u>	<u>1,004</u>
	Total Public Market	<u>6,000</u>	<u>5,329</u>	<u>-</u>	<u>671</u>	<u>5,515</u>
A6772.	Programs for Aging					
.1	Personal Services	145,805	145,805		-	100,704
.2	Equipment		-		-	171
.4	Contractual Expenses	<u>45,400</u>	<u>36,650</u>	<u>-</u>	<u>8,750</u>	<u>73,980</u>
	Total Programs for Aging	<u>191,205</u>	<u>182,455</u>	<u>-</u>	<u>8,750</u>	<u>174,855</u>
	Total Economic Opportunity and Development	<u>197,205</u>	<u>187,784</u>	<u>-</u>	<u>9,421</u>	<u>180,370</u>
	Culture and Recreation					
A7010.	Council on Arts					
.4	Contractual Expenses	<u>8,000</u>	<u>6,027</u>	<u>-</u>	<u>1,973</u>	<u>6,949</u>

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A7020.	Recreation Administration					
.1	Personal Services	\$ 154,197	\$ 151,821	\$	\$ 2,376	\$ 144,777
.4	Contractual Expenses	14,800	13,434	1,200	166	7,543
	Total Recreation Administration	168,997	165,255	1,200	2,542	152,320
A7110.	Parks					
.1	Personal Services	415,033	415,033		-	381,388
.4	Contractual Expenses	167,826	163,902	190	3,734	146,505
	Total Parks	582,859	578,935	190	3,734	527,893
A7140.	Playground and Recreation Centers					
.1	Personal Services	126,528	126,528		-	121,257
.2	Equipment	4,000	4,000			4,000
.4	Contractual Expenses	41,000	38,298	280	2,422	38,007
	Total Playground and Recreation Centers	171,528	168,826	280	2,422	163,264
A7180.	Swimming Pools					
.1	Personal Services	45,397	45,397			45,000
.4	Contractual Expenses	24,203	23,299		904	29,346
	Total Swimming Pools	69,600	68,696	-	904	74,346

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A7250.	Golf Course					
.1	Personal Services	\$ 403,615	\$ 403,615	\$ -	\$ -	\$ 386,767
.4	Contractual Expenses	216,500	279,333		(62,833)	202,255
	Total Golf Course	620,115	682,948	-	(62,833)	589,022
A7310.	Youth Activities or Agencies					
.1	Personal Services	116,427	89,203		27,224	102,866
.2	Equipment		-			500
.4	Contractual Expenses	44,578	33,682		10,896	32,986
	Total Youth Activities or Agencies	161,005	122,885	-	38,120	136,352
	Total Culture and Recreation	1,782,104	1,793,572	1,670	(13,138)	1,650,146
	Home and Community Services					
A8010.	Zoning Board of Appeals					
.1	Personal Services	5,240	5,240	-	-	4,910
A8020.	Planning Commission					
.1	Personal Services	140,708	140,708		-	
.4	Contractual Expenses	9,836	3,592		6,244	134,291
	Total Planning Commission	150,544	144,300	-	6,244	134,291

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
A8160.	Garbage/Waste Collection					
.1	Personal Services	\$ 692,252	\$ 692,252	\$	\$ -	\$ 680,520
.4	Contractual Expenses	681,710	677,158	46,323	(41,771)	622,772
	Total Garbage/Waste Collection	1,373,962	1,369,410	46,323	(41,771)	1,303,292
A8760.	Emergency Disaster Work					
.4	Contractual Expenses	3,200,000	1,516,147	1,250,262	433,591	-
	Total Home and Community Services	4,729,746	3,035,097	1,296,585	398,064	1,442,493
	Undistributed Employee Benefits					
A9010.	State Retirement	678,754	678,543		211	567,103
A9015.	Fire and Police Retirement	1,376,246	1,376,246		-	1,287,018
A9030.	Social Security	1,000,000	999,246		754	958,248
A9040.	Workers' Compensation	915,000	909,327		5,673	970,303
A9045.	Life Insurance	20,000	19,659		341	20,109
A9050.	Unemployment Insurance	64,000	33,900	30,000	100	18,143
A9060.	Hospital and Medical Insurance	2,755,420	2,755,420		-	2,498,825
	Total Employee Benefits	6,809,420	6,772,341	30,000	7,079	6,319,749
	Debt Service - Principal					
A9710.6	Principal on Serial Bonds	1,871,750	1,871,750			1,942,170
A9730.6	Principal on Bond Anticipation Notes	304,000	304,000	-	-	625,000
	Total Debt Service - Principal	2,175,750	2,175,750	-	-	2,567,170

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
Debt Service - Interest						
A9710.7	Interest on Serial Bonds	\$ 349,266	\$ 348,879	\$	\$ 387	\$ 344,791
A9730.7	Interest on Bond Anticipation Notes	32,000	29,459		2,541	59,483
A9760.7	Interest on Tax Anticipation Notes	43,000	42,967		33	
A9770.7	Interest on Revenue Anticipation Notes	14,000	13,508		492	-
	Total Debt Service - Interest	<u>438,266</u>	<u>434,813</u>	<u>-</u>	<u>3,453</u>	<u>404,274</u>
	Total Undistributed	<u>9,423,436</u>	<u>9,382,904</u>	<u>30,000</u>	<u>10,532</u>	<u>9,291,193</u>
TOTAL GENERAL FUND EXPENDITURES		<u>\$ 31,842,397</u>	<u>\$ 29,805,506</u>	<u>\$ 1,483,672</u>	<u>\$ 553,619</u>	<u>\$ 27,268,461</u>

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

Combining Balance Sheet
December 31, 2006

	<u>Special</u>	<u>Sewer</u>	<u>Water</u>	<u>Totals Memorandum Only</u>	
				<u>Grant</u>	<u>Fund</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,366,572	\$ 154,508	\$ 124,172	\$ 1,645,252	\$ 1,862,960
Receivables:					
Water Rents			492,699	492,699	-
Sewer Rents		762,045		762,045	418,322
Accounts	227,280			227,280	665,286
Loans	49,394			49,394	505,926
State and Federal Aid	1,033,123			1,033,123	396,846
Due from Other Funds				-	1,795,760
Prepaid Expenses	-	40,779	33,133	73,912	68,240
Total Assets	\$ 2,676,369	\$ 957,332	\$ 650,004	\$ 4,283,705	\$ 5,713,340
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 99,394	\$ 109,887	\$ 36,821	\$ 246,102	\$ 185,492
Accrued Liabilities		22,013	25,773	47,786	37,132
FSS Escrow - PHA					76,916
Due to Other Funds		763,116	527,532	1,290,648	2,990,760
Due to Other Governments	639,510			639,510	423,529
Deferred Revenue	1,370,636			1,370,636	953,687
Total Liabilities	<u>2,109,540</u>	<u>895,016</u>	<u>590,126</u>	<u>3,594,682</u>	<u>4,667,516</u>
Fund Equity:					
Fund Balance:					
Reserved for Encumbrances		18,439	7,019	25,458	58,182
Reserved for Retirement		40,779	33,133	73,912	66,106
Unreserved:					
Undesignated	566,829	3,098	19,726	589,653	921,536
Total Fund Equity	<u>566,829</u>	<u>62,316</u>	<u>59,878</u>	<u>689,023</u>	<u>1,045,824</u>
Total Liabilities and Fund Equity	\$ 2,676,369	\$ 957,332	\$ 650,004	\$ 4,283,705	\$ 5,713,340

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	<u>Special Grant Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals Memorandum Only December 31, 2006</u>	<u>December 31, 2005</u>
Revenues:					
Departmental Income	\$ 156,033	\$ 4,040,437	\$ 2,653,315	\$ 6,849,785	\$ 6,664,838
Use of Money and Property	3,818		36,826	40,644	36,183
Sale of Property and Compensation for Loss		-	3,015	3,015	6,518
Miscellaneous		574	-	574	10
State Aid		575		575	11,077
Federal Aid	4,177,529			4,177,529	3,575,275
Total Revenues	<u>4,337,380</u>	<u>4,041,586</u>	<u>2,693,156</u>	<u>11,072,122</u>	<u>10,293,901</u>
Expenditures:					
Current:					
General Governmental Support		43,945	27,206	71,151	79,561
Home and Community Services	4,655,168	3,025,351	1,819,543	9,500,062	9,397,767
Employee Benefits		694,182	500,924	1,195,106	1,072,835
Debt Service - Principal		462,026	353,676	815,702	798,732
Debt Service - Interest		135,887	61,015	196,902	194,031
Total Expenditures	<u>4,655,168</u>	<u>4,361,391</u>	<u>2,762,364</u>	<u>11,778,923</u>	<u>11,542,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(317,788)</u>	<u>(319,805)</u>	<u>(69,208)</u>	<u>(706,801)</u>	<u>(1,249,025)</u>
Other Sources and (Uses):					
Transfer from Other Funds		300,000	50,000	350,000	475,000
Transfer to Other Funds					-
Total Other Sources and (Uses)	<u>-</u>	<u>300,000</u>	<u>50,000</u>	<u>350,000</u>	<u>475,000</u>
Net Change in Fund Balances	(317,788)	(19,805)	(19,208)	(356,801)	(774,025)
Fund Balances at Beginning of Year	<u>884,617</u>	<u>82,121</u>	<u>79,086</u>	<u>1,045,824</u>	<u>1,819,849</u>
Fund Balances at End of Year	<u>\$ 566,829</u>	<u>\$ 62,316</u>	<u>\$ 59,878</u>	<u>\$ 689,023</u>	<u>\$ 1,045,824</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed Revenues

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>2006 Actual</u>	<u>2005 Actual</u>
Departmental Income			
CD8672.	Economic Development Loan Repayments	\$ -	\$ 53,442
CD8673.	Action Grant Loan Repayments	95,338	27,254
CD8674.	HOME Rehabilitation Program	60,695	64,158
CD8675.	Housing Improvement Program	-	21,170
	Total Departmental Income	<u>156,033</u>	<u>166,024</u>
Use of Money and Property			
CD2401.	Interest and Earnings	<u>3,818</u>	<u>1,518</u>
Federal Aid			
CD4911.	HUD Section 8	2,674,744	2,115,676
CD4912.	Bishop Gibbons Section 8	1,064,040	1,020,824
CD4921.	2004 GOSC Housing Public Facilities		12,682
CD4921.	1998 CDBG Home Improvement Program	27,618	67,621
CD4921.	1999 CDBG Homeownership	84,370	83,472
CD4921.	2005 CDBG Home Improvement Program	315,790	
CD4921.	2005 GOSC Economic Development	10,967	275,000
	Total Federal Aid	<u>4,177,529</u>	<u>3,575,275</u>
TOTAL SPECIAL GRANT FUND REVENUES		<u>\$ 4,337,380</u>	<u>\$ 3,742,817</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed Expenditures
For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>2006 Actual</u>	<u>2005 Actual</u>
	Home and Community Services		
CD8662.	Public Works, Facilities, Site Improvements		
.4	Contractual Expenses	\$ -	\$ 277,559
CD8672.	Rent Assistance Program		
.4	Contractual Expenses	<u>3,689,940</u>	<u>3,217,197</u>
CD8684.	Downtown Strategic Plan		
.4	Contractual Expenses	<u>283,070</u>	<u>-</u>
CD8686.	Administrative		
.4	Contractual Expenses	<u>31,710</u>	<u>73,197</u>
CD8668.	Rehabilitation Loans and Grants		
.4	Contractual Expenses	<u>607,275</u>	<u>949,607</u>
CD8698.	Ownership Assistance		
.4	Contractual Expenses	<u>43,173</u>	<u>77,484</u>
TOTAL SPECIAL GRANT FUND EXPENDITURES		<u>\$ 4,655,168</u>	<u>\$ 4,595,044</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Departmental Income				
G2120.	Sewer Rents	\$ 4,095,000	\$ 3,869,445	\$ (225,555)	\$ 3,716,672
G2122.	Sewer Service Charges	54,402	47,539	(6,863)	68,262
G2128.	Interest and Penalties - Sewer Rents	99,000	123,453	24,453	113,528
	Total Departmental Income	<u>4,248,402</u>	<u>4,040,437</u>	<u>(207,965)</u>	<u>3,898,462</u>
	Use of Money and Property				
G2401.	Interest and Earnings	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
	Sale of Property and Compensation for Loss				
G2410.	Rental Property - Tower	10,000	-	(10,000)	-
G2680.	Insurance Recovery - Workers' Compensation	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>3,040</u>
	Total Sale of Property and Compensation for Loss	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>	<u>3,040</u>
	Miscellaneous Revenues				
G2701.	Refund of Prior Year Expenditures	<u>-</u>	<u>574</u>	<u>574</u>	<u>-</u>
	State Aid				
G3901.	State Aid	<u>25,000</u>	<u>575</u>	<u>(24,425)</u>	<u>11,077</u>
	TOTAL SEWER FUND REVENUES	<u>\$ 4,286,402</u>	<u>\$ 4,041,586</u>	<u>\$ (244,816)</u>	<u>\$ 3,912,579</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
	General Government Support					
	Special Items					
G1910.4	Unallocated Insurance	\$ 40,000	\$ 40,000	\$	\$	\$ 40,000
G1920.1	Hospitalization Waiver	4,500	1,925		2,575	1,925
G1930.4	Judgments and Claims	5,000	2,020		2,980	5,000
G1990.4	Contingent	50,000			50,000	
	Total General Government Support	<u>99,500</u>	<u>43,945</u>	<u>-</u>	<u>55,555</u>	<u>46,925</u>
	Home and Community Services					
	Sewer Administration					
G8110.4	Contractual Expenses	-	-			49,990
	Total Sewer Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,990</u>
	Sanitary Sewers					
G8120.1	Personal Services	375,327	375,327		-	348,831
G8120.4	Contractual Expenses	128,537	133,330	6,119	(10,912)	110,040
	Total Sanitary Sewers	<u>503,864</u>	<u>508,657</u>	<u>6,119</u>	<u>(10,912)</u>	<u>458,871</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
G8130	Sewage Treatment					
.1	Personal Services	\$ 1,230,367	\$ 1,230,367	\$	\$ -	\$ 1,169,064
.2	Equipment	17,750	17,748		2	21,072
.4	Contractual Expenses	<u>1,301,580</u>	<u>1,268,579</u>	<u>12,320</u>	<u>20,681</u>	<u>1,366,354</u>
	Total Sewage Treatment	<u>2,549,697</u>	<u>2,516,694</u>	<u>12,320</u>	<u>20,683</u>	<u>2,556,490</u>
	Total Home and Community Services	<u>3,053,561</u>	<u>3,025,351</u>	<u>18,439</u>	<u>9,771</u>	<u>3,065,351</u>
	Undistributed Employee Benefits					
G9010.8	State Retirement	159,797	159,797		-	137,938
G9030.8	Social Security	132,000	124,604		7,396	115,910
G9040.8	Workers' Compensation	130,000	103,530		26,470	103,010
G9045.8	Life Insurance	3,000	1,439		1,561	1,411
G9060.8	Hospital and Medical Insurance	<u>310,000</u>	<u>304,812</u>		<u>5,188</u>	<u>267,276</u>
	Total Employee Benefits	<u>734,797</u>	<u>694,182</u>	<u>-</u>	<u>40,615</u>	<u>625,545</u>
	Debt Service - Principal					
G9710.6	Principal on Serial Bonds	522,027	437,026		85,001	422,394
G9730.6	Principal of Bond Anticipation Notes	<u>25,000</u>	<u>25,000</u>		<u>-</u>	<u>48,000</u>
	Total Debt Service - Principal	<u>547,027</u>	<u>462,026</u>	<u>-</u>	<u>85,001</u>	<u>470,394</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
	Debt Service - Interest					
G9710.7	Interest on Serial Bonds	\$ 151,226	\$ 128,818	\$	\$ 22,408	\$ 131,466
G9730.7	Interest on Bond Anticipation Notes	8,000	7,069		931	7,981
	Total Debt Service - Interest	<u>159,226</u>	<u>135,887</u>	<u>-</u>	<u>23,339</u>	<u>139,447</u>
	Total Undistributed	<u>1,441,050</u>	<u>1,292,095</u>	<u>-</u>	<u>148,955</u>	<u>1,235,386</u>
	TOTAL SEWER FUND EXPENDITURES	<u>\$ 4,594,111</u>	<u>\$ 4,361,391</u>	<u>\$ 18,439</u>	<u>\$ 214,281</u>	<u>\$ 4,347,662</u>

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2005 Actual</u>
	Departmental Income				
F2140	Metered Water Sales	\$ 2,660,000	\$ 2,547,365	\$ (112,635)	\$ 2,490,748
F2142	Unmetered Water Sales	2,481	-	(2,481)	2,031
F2144	Water Service Sales	15,000	25,394	10,394	35,262
F2148	Interest Penalties on Water Rents	65,000	80,556	15,556	72,311
	Total Departmental Income	<u>2,742,481</u>	<u>2,653,315</u>	<u>(89,166)</u>	<u>2,600,352</u>
	Use of Money and Property				
F2401	Interest and Earnings	1,000	2,325	1,325	1,302
F2410	Rental Property	31,200	34,501	3,301	33,363
	Total Use of Money and Property	<u>32,200</u>	<u>36,826</u>	<u>4,626</u>	<u>34,665</u>
	Sale of Property and Compensation for Loss				
F2665	Minor Sales		550	550	550
F2680	Sale of Equipment	6,098		(6,098)	
F2690	Other Compensation for Loss	5,000	2,465	(2,535)	2,928
	Total Sale of Property and Compensation for Loss	<u>11,098</u>	<u>3,015</u>	<u>(8,083)</u>	<u>3,478</u>
	Miscellaneous Local Sources				
F2701	Refund of Prior Years' Expenditures	-	-	-	10
	TOTAL WATER FUND REVENUES	<u>\$ 2,785,779</u>	<u>\$ 2,693,156</u>	<u>\$ (92,623)</u>	<u>\$ 2,638,505</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
General Government Support						
Special Items						
F1910.4	Unallocated Insurance	\$ 17,500	\$ 17,500	\$	\$	\$ 17,500
F1920.1	Hospitalization Waiver	9,000	5,775		1,621	7,379
F1930.4	Judgments and Claims	10,000	3,931		243	7,757
F1990.4	Contingent	50,000			15,800	
	Total General Government Support	86,500	27,206	-	59,294	32,636
Home and Community Services						
Water Administration						
F8310						
.1	Personal Services	216,889	216,889		99	218,932
.2	Equipment	500	500		72	428
.4	Contractual Expenses	47,232	47,232		2,893	34,257
	Total Water Administration	264,621	264,621	-	-	253,617
Source and Supply, Power and Pumping						
F8320						
.1	Personal Services	344,858	344,858		-	354,367
.2	Equipment	22,000	25,077	-	(3,077)	14,697
.4	Contractual Expenses	241,500	245,159		(3,659)	298,338
	Total Source and Supply, Power and Pumping	608,358	615,094	-	(6,736)	667,402

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2006

With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
F8330.	Purification					
.1	Personal Services	\$ 322,545	\$ 322,545	\$ -	\$ -	\$ 271,744
.2	Equipment	11,900	11,900	-	-	16,351
.4	Contractual Expenses	78,900	91,603	2,463	(15,166)	46,316
	Total Purification	413,345	426,048	2,463	(15,166)	334,411
F8340.	Transmission and Distribution					
.1	Personal Services	385,538	385,538	-	-	372,302
.2	Equipment	45,400	48,902	-	(3,502)	29,627
.4	Contractual Expenses	86,000	79,340	4,556	2,104	80,013
	Total Transmission and Distribution	516,938	513,780	4,556	(1,398)	481,942
	Total Home and Community Services	1,803,262	1,819,543	7,019	(23,300)	1,737,372
	Undistributed					
	Employee Benefits					
F9010.8	State Retirement	128,045	128,045	-	-	105,483
F9030.8	Social Security	104,415	96,522	-	7,893	93,251
F9040.8	Workers' Compensation	89,000	72,471	-	16,529	72,107
F9045.8	Life Insurance	3,000	1,428	-	1,572	1,491
F9060.8	Hospital and Medical Insurance	205,000	202,458	-	2,542	174,958
	Total Employee Benefits	529,460	500,924	-	28,536	447,290

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2006
With Comparative Actual Amounts for the Year Ended December 31, 2005

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2005 Actual</u>
	Debt Service - Principal					
F9710.6	Principal on Serial Bonds	\$ 318,677	\$ 318,676		\$ 1	\$ 238,338
F9730.6	Principal of Bond Anticipation Notes	35,000	35,000			90,000
	Total Debt Service - Principal	<u>353,677</u>	<u>353,676</u>	<u>-</u>	<u>1</u>	<u>328,338</u>
	Debt Service - Interest					
F9710.7	Interest on Serial Bonds	52,880	52,879		1	39,347
F9730.7	Interest on Bond Anticipation Notes	10,000	8,136		1,864	15,237
	Total Debt Service - Interest	<u>62,880</u>	<u>61,015</u>	<u>-</u>	<u>1,865</u>	<u>54,584</u>
	Total Undistributed	<u>946,017</u>	<u>915,615</u>	<u>-</u>	<u>30,402</u>	<u>830,212</u>
	TOTAL WATER FUND EXPENDITURES	<u>\$ 2,835,779</u>	<u>\$ 2,762,364</u>	<u>\$ 7,019</u>	<u>\$ 66,396</u>	<u>\$ 2,600,220</u>

CITY OF NORTH TONAWANDA, NEW YORK
CAPITAL PROJECTS FUNDS
Combining Balance Sheet by Project

December 31, 2006

<u>Project Number</u>	<u>Project Description</u>	<u>Cash</u>	<u>Due from Other Funds</u>	<u>Retained Percentages</u>	<u>Due to Other Funds</u>	<u>BAN Payable</u>	<u>Deferred Revenues</u>	<u>Other Liabilities</u>	<u>Unappropriated Fund Balance</u>	<u>Total Liabilities Fund Balances</u>
General Improvements:										
H-10	Entrance Roof PG Tank '96	\$ 155,470	\$	\$	\$	\$	\$	\$	\$ 155,470	\$ 155,470
H-76	Erie Avenue Renovation	121,567						34,456	87,111	121,567
H-95	Sherwood San Lift '95	360,209							360,209	360,209
H-104	Roblin Steel Remediation Site '0	(365,917)							(365,917)	(365,917)
H-201	Tank Reno-Riverwalk '02	(177,432)							(177,432)	(177,432)
H-202	Golf/Dock/City Hall '02	93,866							93,866	93,866
H-303	DPW Equipment '03									-
H-401	Riverwalk/Docks/HVAC '04	227,105		5,274					221,831	227,105
H-402	Police Car/Fire Floor '04									-
H-403	DPW Backhoe/Dump/Hog '04									-
H-404	Rec Tennis/Skid/Golf '04	81,918							81,918	81,918
H-501	Canal Lighting/Pool '05	(180,112)							(180,112)	(180,112)
H-502	Police/Fire Cars '05									-
H-503	Computer System '05									-
H-504	DPW Equipment '05									-
H-507	Briarwood Subdivision '05	(327,860)		16,089					(343,950)	(327,861)
H-508	Grants Project '05	(66,579)							(66,579)	(66,579)
H-602	City Hall Alarm/Data '06	158,160							158,160	158,160
H-603	Police/Fire Car/Reno '06	206,006							206,006	206,006
H-604	DPW Fleet/Wash Sys '06	849,012							849,012	849,012
H-606	Rec Truck/Payne Park '06									-
H-607	Water Roof Scada '06	274,321							274,321	274,321
H-803	Police Comm/Range '00									-
H-806	Recreation Equipment '00	45,809							45,809	45,809
R	Gratwick Park	247,274			243,365				3,909	247,274
Paving and Curbs:										
H-82-1	CHIPS Highway Resurfacing	(178,975)			95,016				(273,991)	(178,975)
Sanitary Sewers:										
H-506	WWTP Systems Upgrade /05									-
H-605	Old Falls San Sewer '06	59,419		42,680					16,739	59,419
H-608	Sewer Capital '06	180,602							180,603	180,603
Storm Sewer:										
H-81	Storm Sewer Renovation	15,739							15,739	15,739
H-902	Ward Road Storm '99	182,002							182,002	182,002
Water Lines:										
H-405	Warner Ave Water Main '04	(190,099)							(190,099)	(190,099)
H-505	Water System Upgrade '05	57,810							57,810	57,810
Totals		\$ 1,829,315	\$ -	\$ 64,043	\$ 338,381	\$ -	\$ -	\$ 34,456	\$ 1,392,435	\$ 1,829,315

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

CAPITAL PROJECTS FUNDS

Statement of Expenditures and Appropriations by Project - Capital Projects Fund
December 31, 2006

<u>Project Number</u>	<u>Project Description</u>	<u>Original Appropriations</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Remaining Appropriation</u>
General Improvements:							
H-6	Meadow Extend Study '03	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
H-10	Entrance Roof PG Tank '96	170,000	170,000	265,631	43,375	309,006	(139,006)
H-76	Erie Avenue Renovation	789,000	789,000	999,497	34,456	1,033,953	(244,953)
H-104	Roblin Steel Remediation Site '01	3,176,000	3,176,000	2,619,455	25,879	2,645,334	530,666
H-201	Tank Reno-Riverwalk '02	100,000	100,000	259,866		259,866	(159,866)
H-202	Golf/Dock/City Hall '02	420,000	420,000	199,618	26,516	226,134	193,866
H-203	DPW Equip/Salt Shed '02	841,000	841,000	841,000		841,000	-
H-301	Fire Engine '02	275,000	275,000	266,000		266,000	9,000
H-302	Police /Fire/Rec '03	255,000	255,000	255,000		255,000	-
H-303	DPW Equipment '03	825,000	825,000	763,130	61,870	825,000	-
H-304	WWTP Grit Chamber	60,000	60,000	60,000		60,000	-
H-305	Retirement Incentive	380,000	380,000	380,000		380,000	-
H-401	Riverwalk/Docks/HVAC '04	1,948,092	1,948,092	516,887	117,782	634,669	1,313,423
H-402	Police Car/Fire Floor '04	300,000	300,000	189,087	110,913	300,000	-
H-403	DPW Backhoe/Dump/Hog '04	175,000	175,000	122,673	52,327	175,000	-
H-404	Rec Tennis/Skid/Golf '04	76,000	76,000	72,429		72,429	3,571
H-406	Wastewater 6 Projects '04	428,000	428,000	348,000		348,000	80,000
H-501	Canal Lighting/Pool '05	642,000	642,000	100,000	180,112	280,112	361,888
H-502	Police/Fire Cars '05	115,000	115,000	122,000		122,000	(7,000)
H-503	Computer System '05	60,000	60,000	47,827	12,173	60,000	-
H-504	DPW Equipment '05	462,000	462,000	1,550	460,450	462,000	-
H-507	Briarwood Subdivision '05	350,000	350,000	342,720	1,230	343,950	6,050
H-508	Grants Project '05	155,000	155,000	7,316	64,262	71,578	83,422
H-602	City Hall Alarm/Data '06	172,000	172,000		13,840	13,840	158,160
H-603	Police/Fire Car/Reno '06	318,000	318,000		229,507	229,507	88,493
H-604	DPW Fleet/Wash Sys '06	1,390,000	1,390,000		540,988	540,988	849,012
H-606	Rec Truck/Payne Park '06	91,000	91,000		91,000	91,000	-
H-607	Water Roof Scada '06	155,000	155,000		30,679	30,679	124,321
H-803	Police Comm/Range '00	183,000	298,000	200,948	(1,948)	199,000	99,000
H-805	DPW Equipment '00	426,000	426,000	426,000		426,000	-
H-806	Recreation Equipment '00	86,000	86,000	40,191		40,191	45,809
H-906	Police Automation '99	194,000	194,000	194,599		194,599	(599)
R	Gratwick Park	13,397,680	13,397,680	8,721,875		8,721,875	4,675,805

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

CAPITAL PROJECTS FUNDS

Statement of Expenditures and Appropriations by Project - Capital Projects Fund
December 31, 2006

<u>Project Number</u>	<u>Project Description</u>	<u>Original Appropriations</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Remaining Appropriation</u>
Paving and Curbs:							
H-30	Street Resurfacing	\$ 385,000	\$ 385,000	\$ 147,524	\$ -	\$ 147,524	\$ 237,476
H-82-1	CHIPS Highway Resurfacing	1,130,000	730,000	5,979,702	526,518	6,506,220	(5,776,220)
Sanitary Sewers:							
H-8	Rumbold Lift Station	\$ 77,000	\$ 77,000	\$ 77,000		\$ 77,000	\$ -
H-95	Sherwood San Lift	300,000	675,000	14,791		14,791	660,209
H-506	WW Systems Upgrade /05	265,000	265,000	140,917	124,083	265,000	-
H-605	Old Falls San Sewer '06	1,100,000	1,100,000		883,260	883,260	216,740
H-608	Sewer Capital '06	950,000	950,000		769,397	769,397	180,603
Storm Sewer:							
H-81	Storm Sewer Renovation	505,000	505,000	389,155	100,108	489,263	15,737
H-94	Miller/Sommer Storm '95	1,750,000	1,750,000			-	1,750,000
H-902	Ward Road Storm '99	200,000	200,000	17,998		17,998	182,002
Water Lines:							
H-4	Warner Ave Water Main '04	630,000	630,000	72,515		72,515	557,485
H-405	Water Plant/Warner/RS '04	1,330,000	1,330,000	1,339,859	7,726	1,347,585	(17,585)
H-505	Water System Upgrade '05	305,000	305,000	99,909	147,281	247,190	57,810
Totals		\$ 37,366,772	\$ 37,456,772	\$ 26,667,669	\$ 4,653,784	\$ 31,321,453	\$ 6,135,319

See Independent Auditor's Report.



**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Honorable Mayor and
Members of Common Council
City of North Tonawanda
North Tonawanda, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of and for the year ended December 31, 2006, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated June 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of North Tonawanda, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of North Tonawanda, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of North Tonawanda, New York's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards (Cont.)

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of North Tonawanda, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of North Tonawanda, New York's financial statements that is more than inconsequential will not be prevented or detected by the City of North Tonawanda, New York's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of North Tonawanda, New York's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the City of North Tonawanda, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of North Tonawanda, New York, in a separate letter dated June 22, 2007.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fox & Company LLP



**Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and
Members of Common Council
City of North Tonawanda
North Tonawanda, New York

Compliance

We have audited the compliance of the City of North Tonawanda, New York with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of North Tonawanda, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of North Tonawanda, New York's management. Our responsibility is to express an opinion on the City of North Tonawanda, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of North Tonawanda, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of North Tonawanda, New York's compliance with those requirements.

In our opinion, the City of North Tonawanda, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Expenditures of Federal Awards
For Year Ended December 31, 2006

Internal Control Over Compliance

The management of the City of North Tonawanda, New York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of North Tonawanda, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of and for the year ended December 31, 2006, and have issued our report thereon dated June 22, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda, New York's, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of management of the City of North Tonawanda, New York and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fox & Company LLP

Tonawanda, New York
June 22, 2007

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Direct Programs:			
Community Development Block Grant:			
1998 Housing Improvement Program CDBG	14.219	N/A	\$ 27,618
1999 Homeownership CDBG	14.219	N/A	84,370
2004 Public Facilities (GOSC)	14.219	N/A	10,967
2005 Economic Development (GOSC)	14.219	N/A	<u>315,790</u>
			<u>438,745</u>
Pass-through Programs:			
Lower Income-Housing Assistance Program-Cluster:			
Section 8 Rental Voucher Program	14.855	N/A	2,674,744
Section 8 Moderate Rehabilitation	14.856	N/A	<u>-</u>
			<u>2,674,744</u>
Section 8 Housing Voucher Program:			
Bishop Gibbons	14.177	N/A	<u>1,064,040</u>
Total U.S. Department of Housing and Urban Development			<u>4,177,529</u>
<u>Federal Emergency Management Agency:</u>			
Passed through New York State Department of Military and Naval Emergency:			
Emergency Management - State Aid and Local Assistance	83.554	N/A	<u>1,567,300</u>
<u>U.S. Department of Justice:</u>			
C.O.P.S. Grant	16.710	N/A	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 5,744,829</u>

The accompanying notes are an integral part of this schedule. See Note 1 to the City of North Tonawanda, New York's Basic Financial Statements with Independent Auditor's Report for the Year Ended December 31, 2006 for the Summary of Significant Accounting Policies.

See Report on Compliance with Requirements Applicable to each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of North Tonawanda, New York and is presented on the Modified Accrual Basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of North Tonawanda, New York provided no federal awards to subrecipients.

Note 3 - Program Income

Federal expenditures presented on the Schedule of Expenditures of Federal Awards do not include the expenditure of program income. None of the program income was expended under the Community Development Block Grants for the year ended December 31, 2006

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Findings and Questioned Costs
December 31, 2006

Section 1 - Summary of Auditor's Results:

Financial Statements:

Type of Auditor's Report Issued:

Unqualified

Internal Control Over Financial Reporting

Material weaknesses identified?

yes no

Reportable conditions identified that are not considered to be material weaknesses?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards:

Internal Control Over Major Programs:

Material weaknesses identified?

yes no

Reportable conditions identified that are not considered to be material weaknesses?

yes none reported

Type of Auditor's Report issued on Compliance for Major Programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with
 Section 510(a) of Circular A-133?

yes no

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

14.855, 14.856
 14.177
 14.219
 83.534

Low Income Housing Assistance Program
 Section 8 Housing Voucher Program
 Community Development Block Grant
 Federal Emergency Management Assistant

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Findings and Questioned Costs
December 31, 2006

Section 1 - Summary of Auditor's Results (Cont.):

Identification of Major Programs (Cont.):

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 300,000

Auditee qualified as a low-risk auditee?

x yes

Section II - Financial Statement Findings:

As of and for the year ended December 31, 2006 the City of North Tonawanda, New York had no findings that were required to be reported in accordance with GAGAS.

Section III - Federal Award Findings and Questioned Costs:

As of and for the year ended December 31, 2006 the City of North Tonawanda, New York had no findings that were required to be reported in accordance with Section 510(a) of Circular A-133.

CITY OF NORTH TONAWANDA, NEW YORK

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2006

There were no audit findings included in the prior audit's schedule of findings and questioned costs relative to federal awards.

CITY OF NORTH TONAWANDA, NEW YORK

Corrective Action Plan
For the Year Ended December 31, 2006

There is no Corrective Action Plan for the City of North Tonawanda, New York.