

Amato, Fox & Company, PC

*City of North Tonawanda,
New York*

SINGLE AUDIT
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2007

*Amato
Fox*

Certified Public Accountants

CITY OF NORTH TONAWANDA, NEW YORK

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

YEAR ENDED DECEMBER 31, 2007

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, 2007

CITY OF NORTH TONAWANDA, NEW YORK

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CITY OF NORTH TONAWANDA, NEW YORK

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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, 2007, 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 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, 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, 2007, 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 May 30, 2008 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 on pages 3 through 14, and budgetary comparison information on pages 24 through 25, 49 through 67, and 72 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.

Amato, Fox & Company, P.C.

Tonawanda, New York
May 30, 2008

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

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, 2007. 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 2007 fiscal year by \$31,959,306 (net assets). Of this amount, \$2,787,042 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors and \$28,087,254 is invested in capital assets, net of related debt.
- The government's total net assets decreased by \$1,943,281.
- As of December 31, 2007, the City's governmental funds reported combined fund balances of \$6,367,715, an increase of \$538,960 in comparison with the prior year. Approximately 77.9% of the combined fund balances, \$4,962,035 is available to meet the City's current and future needs (undesignated fund balance).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$2,965,472 or 69.5% 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

Government-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, 2007

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 three 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, and the Special Revenue Fund.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

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 \$31,959,306 at the close of the fiscal year.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

Summary of City of North Tonawanda's Net Assets

	Total Governmental Activities <u>December 31, 2007</u>	Total Governmental Activities <u>December 31, 2006</u>	Percent of Increase (Decrease)
Current and other assets	\$ 13,299,224	\$ 15,835,187	-16.0%
Capital assets	43,162,754	44,671,535	-3.4%
Total assets	56,461,978	60,506,722	-6.7%
Long-term liabilities	17,454,035	19,310,520	-9.6%
Other liabilities	7,048,637	7,293,615	-3.4%
Total liabilities	24,502,672	26,604,135	-7.9%
Net assets:			
Investment in capital assets, net of related debt	28,087,254	29,596,036	-5.1%
Restricted	1,085,010	989,179	9.7%
Unrestricted	2,787,042	3,317,372	-16.0%
Total net assets	\$ 31,959,306	\$ 33,902,587	-5.7%

The largest portion of the City's net assets reflects its investment in capital assets of \$28,087,254 (87.9%) (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 (3.4%) represents restricted net assets of \$1,085,010, which is reserved for retirement, insurance, and workers' compensation.

The remaining balance of the City's net assets (8.7%) represents unrestricted net assets of \$2,787,042, 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, 2007

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 \$1,943,281.

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

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

	<u>2007</u>	<u>2006</u>	<u>Percent of Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 8,718,839	\$ 8,702,677	0.2%
Operating grants and contributions	4,251,761	6,114,145	-30.5%
Capital grants and contributions	523,416	1,030,543	-49.2%
General revenues:			
Property taxes	12,895,803	12,677,708	1.7%
Real property tax items	1,216,948	1,220,720	-0.3%
Non-property tax items	7,979,888	7,974,502	0.1%
Use of money and property	372,457	380,945	-2.2%
Sale of property and compensation for loss	544,586	272,937	99.5%
Miscellaneous	46,287	36,342	27.4%
Interfund Revenue	80,000	80,000	0.0%
State and Federal Aid	5,490,925	5,120,694	7.2%
Total revenues	<u>42,120,910</u>	<u>43,611,213</u>	

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

- Capital Grants and Contributions - the \$507,127 decrease was due to a decrease in capital projects and Federal Aid, including FEMA.
- Sale of Property and Compensation for Loss – the \$271,649 increase was caused by an increase in acquired property sold by the city.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

	<u>2007</u>	<u>2006</u>	<u>Percent of Increase (Decrease)</u>
Expenses:			
General government support	\$ 6,047,688	\$ 4,990,064	21.2%
Public safety	12,415,988	12,470,986	-0.4%
Transportation	7,268,970	9,430,061	-22.9%
Economic assistance and opportunity	208,111	276,489	-24.7%
Culture and recreation	2,531,782	2,518,047	0.5%
Home and community services	14,928,418	14,887,398	0.3%
Interest and fiscal charges	663,234	772,625	-14.2%
Total expenses	<u>44,064,191</u>	<u>45,345,670</u>	-2.8%
Change in net assets	(1,943,281)	(1,734,457)	12.0%
Net assets - beginning	<u>33,902,587</u>	<u>35,637,044</u>	-4.9%
Net assets - ending	<u>\$ 31,959,306</u>	<u>\$ 33,902,587</u>	-5.7%

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

- Transportation – the decrease of \$2,161,091 was due to a decrease in contractual expenditures.
- General Government Support- the \$1,057,624 increase was caused by an increase in contractual expenditures.

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, 2007

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, 2007, the City's governmental funds reported combined fund balances of \$6,367,715, an increase of \$538,960 in comparison with the prior year. Approximately 77.9% of the combined fund balances, \$4,962,035, 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) \$320,670 reserved for encumbrances; (3) \$589,041 reserved for retirement; and (4) \$295,969 reserved for insurance.

The general fund is the chief operating fund of the City. At December 31, 2007, unreserved fund balance of the general fund was \$2,965,472, while total fund balance reached \$4,263,589. 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 9.9% of total fund expenditures, while total fund balance also represents 14.2% of that same amount.

Revenues for governmental functions totaled \$42,120,910 in fiscal year ended December 31, 2007, which represents a decrease of 3.4% from the fiscal year ended December 31, 2006.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

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>2007 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2006 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	\$ 14,112,751	33.51%	\$ 13,898,428	\$ 214,323	1.54%
Non-property tax items	7,979,888	18.95%	7,974,502	5,386	0.07%
Departmental income	8,130,532	19.30%	8,135,902	(5,370)	-0.07%
Intergovernmental charges	91,193	0.22%	73,545	17,648	24.00%
Use of money and property	372,457	0.88%	380,945	(8,488)	-2.23%
Licenses and permits	213,693	0.51%	212,570	1,123	0.53%
Fines and forfeitures	283,421	0.67%	280,660	2,761	0.98%
Sale of property and compensation for loss	544,586	1.29%	272,937	271,649	99.53%
Miscellaneous	46,287	0.11%	36,342	9,945	27.37%
Interfund Revenue	80,000	0.19%	80,000	-	0.00%
State and Federal Aid	10,266,102	24.37%	12,265,382	(1,999,280)	-16.30%
Total Revenues	<u>\$ 42,120,910</u>	<u>100.00%</u>	<u>\$ 43,611,213</u>	<u>\$ (1,490,303)</u>	

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

- Real property taxes and tax items - the \$214,323 increase was caused in part by the increase in the tax levy.
- Sale of Property and Compensation for Loss - the \$271,649 increase was primarily caused by an increase in acquired property by the City and sold during the year.
- State and Federal Aid – the \$1,999,280 decrease was primarily caused by a decrease in aid due to the October storm of 2006.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

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

Expenditures by Function Governmental Funds

	<u>December 31, 2007 Amount</u>	<u>Percent of Total</u>	<u>December 31, 2006 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Expenditures:					
General governmental support	\$ 3,761,251	8.34%	\$ 3,765,258	\$ (4,007)	-0.11%
Public safety	8,621,488	19.12%	8,010,342	611,146	7.63%
Transportation	3,753,327	8.32%	3,701,700	51,627	1.39%
Economic assistance and opportunity	151,590	0.34%	187,784	(36,194)	-19.27%
Culture and recreation	1,756,045	3.89%	1,793,572	(37,527)	-2.09%
Home and community services	11,974,094	26.56%	12,535,159	(561,065)	-4.48%
Employee benefits	8,190,505	18.17%	7,967,447	223,058	2.80%
Capital outlay	3,884,361	8.62%	4,653,784	(769,423)	-16.53%
Debt service:					
Principal	2,291,000	5.08%	2,991,452	(700,452)	-23.42%
Interest	703,289	1.56%	631,715	71,574	11.33%
Total Expenditures	<u>\$ 45,086,950</u>	<u>100.00%</u>	<u>\$ 46,238,213</u>	<u>\$ (1,151,263)</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis

December 31, 2007

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

Expenditures

- Home and Community Services - The \$561,065 decrease was caused by the decrease in expenditures relating to Federal (including FEMA) and State programs.
- Public Safety - The \$611,146 increase was caused by increases in retroactive payroll based on the renegotiation of contracts.
- Capital Outlay - The \$769,423 decrease was caused by a decrease 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	\$ 30,876,410	\$ 10,721,084	\$ 523,416	\$ 42,120,910
Expenditures	29,978,717	11,223,872	3,884,361	45,086,950
Excess (Deficiency) of Revenues over Expenditures	897,693	(502,788)	(3,360,945)	(2,966,040)
Other Financing Sources, Net	(381,401)	300,000	3,586,401	3,505,000
Net Change in Fund Balances	516,292	(202,788)	225,456	538,960
Fund Balance at January 1, 2007	3,747,297	689,023	1,392,435	5,828,755
Fund Balance at December 31, 2007	\$ 4,263,589	\$ 486,235	\$ 1,617,891	\$ 6,367,715

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2007

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the total original budget and the final amended budget for the City of North Tonawanda.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2007, amounted to \$43,162,754 (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>2007</u>	<u>2006</u>	<u>Percent of Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Transportation network	3,173,232	3,413,246	-7.03%
Buildings and improvements	7,481,541	7,672,007	-2.48%
Machinery and equipment	2,838,417	2,598,245	9.24%
Water treatment and distribution network	5,272,127	5,634,532	-6.43%
Sanitary sewer network	<u>19,997,087</u>	<u>20,953,155</u>	-4.56%
Total	<u>\$ 43,162,754</u>	<u>\$ 44,671,535</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis **December 31, 2007**

Long-term Debt

At December 31, 2007, the City had total long-term debt outstanding of \$17,454,035 as compared to \$16,440,520 in the prior year. The amount is comprised of Serial Bonds of \$15,075,500, long term portion of retirement contributions of \$1,309,006 and Compensated Absences of \$1,069,529. During the year, retirement of debt amounted to \$2,547,448. 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 \$56,505,416, which is significantly in excess of the City's outstanding general obligation debt.

Since 2007, 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, 2007, the City had no short-term debt outstanding.

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, 2007

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 4,502,653
Receivables (Net of Allowances for Estimated Uncollectables):	
Taxes	3,356,307
Accounts	1,725,068
Loans	34,612
State and Federal	1,926,563
Due from Other Governments	1,159,727
Prepaid Expenses	589,041
Other Assets	5,253
Capital Assets	
Land	4,400,350
Other Capital Assets, Net of Depreciation	<u>38,762,404</u>
 Total Assets	 <u>\$ 56,461,978</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, 2007

LIABILITIES AND NET ASSETS

	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable	\$ 626,393
Accrued Liabilities	545,390
Due to Other Governments	1,914,883
Deferred Revenues	3,961,971
Long-term Liabilities:	
Due within One Year	2,500,500
Due in more than One Year	<u>14,953,535</u>
Total Liabilities	<u>24,502,672</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	28,087,254
Restricted for:	
Retirement	589,041
Insurance	295,969
Workers' Compensation	200,000
Unrestricted	<u>2,787,042</u>
Total Net Assets	<u>31,959,306</u>
Total Liabilities and Net Assets	<u>\$ 56,461,978</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, 2007

	<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	\$ (6,047,688)	\$ 442,182	\$ -	\$ -	\$ (5,605,506)
Public Safety	(12,415,988)	295,266	303,208		(11,817,514)
Health	-	29,247			29,247
Transportation	(7,268,970)	4,659	123,171	523,416	(6,617,724)
Economic Assistance and Opportunity	(208,111)				(208,111)
Culture and Recreation	(2,531,782)	1,087,223	17,651		(1,426,908)
Home and Community Services	(14,928,418)	6,860,262	3,807,731		(4,260,425)
Interest and Fiscal Charges	(663,234)	-	-	-	(663,234)
Total Governmental Activities	\$ (44,064,191)	\$ 8,718,839	\$ 4,251,761	\$ 523,416	(30,570,175)
General Revenues:					
Property Taxes Levied for General Purposes					12,895,803
Real Property Tax Items					1,216,948
Non-property Tax Items					7,979,888
Use of Money and Property					372,457
Sales of Property and Compensation for Loss					544,586
Miscellaneous					46,287
Interfund Revenues					80,000
State and Federal Aid					5,490,925
Total General Revenues					28,626,894
Change in Net Assets					(1,943,281)
Total Net Assets at Beginning of Year					33,902,587
Total Net Assets of End of Year					\$ 31,959,306

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

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Balance Sheet
December 31, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 1,231,361	\$ 1,604,839	\$ 1,666,453	\$ 4,502,653
Receivables (Net of Allowances for Estimated Uncollectables):				
Taxes	3,356,307			3,356,307
Accounts	307,480	1,417,588		1,725,068
Loans		34,612		34,612
State and Federal	921,058	1,005,505		1,926,563
Due from Other Funds	1,744,719	166,953	500,000	2,411,672
Due from Other Governments	1,159,727			1,159,727
Prepaid Expenses	517,159	71,882	-	589,041
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,237,811</u>	<u>\$ 4,301,379</u>	<u>\$ 2,166,453</u>	<u>\$ 15,705,643</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, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 332,181	\$ 235,116	\$ 59,096	\$ 626,393
Accrued Liabilities	374,394	53,868		428,262
Due to Other Funds	500,000	1,416,953	489,466	2,406,419
Due to Other Governments	1,145,574	769,309		1,914,883
Deferred Revenues	<u>2,622,073</u>	<u>1,339,898</u>		<u>3,961,971</u>
Total Liabilities	<u>4,974,222</u>	<u>3,815,144</u>	<u>548,562</u>	<u>9,337,928</u>
Fund Balances:				
Reserved for:				
Encumbrances	284,989	35,681		320,670
Retirement	517,159	71,882		589,041
Insurance	295,969			295,969
Workers' Compensation	200,000			200,000
Unreserved:				
Designated for Golf Course Improvements	83,060			83,060
Undesignated	<u>2,882,412</u>	<u>378,672</u>	<u>1,617,891</u>	<u>4,878,975</u>
Total Fund Balances	<u>4,263,589</u>	<u>486,235</u>	<u>1,617,891</u>	<u>6,367,715</u>
Total Liabilities and Fund Balances	<u>\$ 9,237,811</u>	<u>\$ 4,301,379</u>	<u>\$ 2,166,453</u>	<u>\$ 15,705,643</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, 2007

	<u>Governmental Activities</u>
Total Governmental Fund Balances	\$ 6,367,715
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	43,162,754
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	(17,454,035)
Net accrued interest for bonds are not reported in the funds	<u>(117,128)</u>
Net Assets of Governmental Activities	<u>\$ 31,959,306</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, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Real Property Taxes	\$ 12,895,803	\$	\$	\$ 12,895,803
Real Property Tax Items	1,216,948			1,216,948
Non-property Tax Items	7,979,888			7,979,888
Departmental Income	1,274,172	6,856,360		8,130,532
Intergovernmental Charges	91,193			91,193
Use of Money and Property	326,432	46,025		372,457
Licenses and Permits	213,693			213,693
Fines and Forfeitures	283,421			283,421
Sale of Property and Compensation for Loss	533,693	10,893		544,586
Miscellaneous	46,212	75		46,287
Interfund Revenue	80,000			80,000
State Aid	5,209,493	9,660	523,416	5,742,569
Federal Aid	725,462	3,798,071		4,523,533
Total Revenues	<u>30,876,410</u>	<u>10,721,084</u>	<u>523,416</u>	<u>42,120,910</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, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures:				
Current:				
General Government Support	\$ 3,685,700	\$ 75,551	\$	\$ 3,761,251
Public Safety	8,621,488			8,621,488
Transportation	3,753,327			3,753,327
Economic Opportunity and Development	151,590			151,590
Culture and Recreation	1,756,045			1,756,045
Home and Community Services	2,757,219	9,216,875		11,974,094
Employee Benefits	6,956,779	1,233,726		8,190,505
Capital Outlay			3,884,361	3,884,361
Debt Service - Principal	1,762,750	528,250		2,291,000
Debt Service - Interest	533,819	169,470		703,289
Total Expenditures	<u>29,978,717</u>	<u>11,223,872</u>	<u>3,884,361</u>	<u>45,086,950</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>897,693</u>	<u>(502,788)</u>	<u>(3,360,945)</u>	<u>(2,966,040)</u>
Other Sources and (Uses):				
Proceeds of Bonds			3,505,000	3,505,000
Proceeds of Bond Anticipation Notes				
Transfers from Other Funds		300,000	81,401	381,401
Transfers to Other Funds	(381,401)			(381,401)
Total Other Sources and (Uses)	<u>(381,401)</u>	<u>300,000</u>	<u>3,586,401</u>	<u>3,505,000</u>
Net Change in Fund Balances	516,292	(202,788)	225,456	538,960
Fund Balance at Beginning of Year	<u>3,747,297</u>	<u>689,023</u>	<u>1,392,435</u>	<u>5,828,755</u>
Fund Balance at End of Year	<u>\$ 4,263,589</u>	<u>\$ 486,235</u>	<u>\$ 1,617,891</u>	<u>\$ 6,367,715</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, 2007**

	<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	\$ 538,960
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.	(1,508,781)
The issuance of long-term debt provides current financial resources to governmental funds	(3,505,000)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds	2,491,485
Net accrued interest for bonds are not reported in the funds	<u>40,055</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,943,281)</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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
Revenues:				
Real Property Taxes	\$ 12,896,904	\$ 12,896,904	\$ 12,895,803	\$ (1,101)
Real Property Tax Items	1,065,000	1,065,000	1,216,948	151,948
Non-property Tax Items	8,365,000	8,365,000	7,979,888	(385,112)
Departmental Income	1,320,700	1,320,700	1,274,172	(46,528)
Intergovernmental Charges	93,400	93,400	91,193	(2,207)
Use of Money and Property	196,000	196,000	326,432	130,432
Licenses and Permits	234,400	234,400	213,693	(20,707)
Fines and Forfeitures	275,000	275,000	283,421	8,421
Sale of Property and Compensation for Loss	820,200	820,200	533,693	(286,507)
Miscellaneous	11,000	11,000	46,212	35,212
Interfund Revenues	80,000	80,000	80,000	-
State Aid	4,759,881	4,759,881	5,209,493	449,612
Federal Aid	12,426	12,426	725,462	713,036
Total Revenues	<u>30,129,911</u>	<u>30,129,911</u>	<u>30,876,410</u>	<u>746,499</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, 2007

	<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	\$ 3,886,386	\$ 3,899,954	\$ 3,785,408	\$ 114,546
Public Safety	8,269,935	8,689,610	8,725,178	(35,568)
Transportation	3,687,562	3,731,466	3,753,327	(21,861)
Economic Opportunity and Development	156,112	156,112	151,590	4,522
Culture and Recreation	1,718,975	1,785,770	1,758,644	27,126
Home and Community Services	1,514,504	1,539,574	2,805,927	(1,266,353)
Employee Benefits	7,824,000	7,354,987	6,987,063	367,924
Debt Service - Principal	2,162,750	2,028,569	1,762,750	265,819
Debt Service - Interest	609,687	643,869	533,819	110,050
Total Expenditures	<u>29,829,911</u>	<u>29,829,911</u>	<u>30,263,706</u>	<u>(433,795)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>300,000</u>	 <u>300,000</u>	 <u>612,704</u>	 <u>312,704</u>
 Other Sources and (Uses):				
Proceeds of Long Term Obligations	-	-	-	-
Transfers to Other Funds	<u>(300,000)</u>	<u>(300,000)</u>	<u>(381,401)</u>	<u>(81,401)</u>
Total Other Sources and (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(381,401)</u>	<u>(81,401)</u>
 Net Change in Fund Balances	 -	 -	 231,303	 231,303
 Fund Balance at January 1, 2007	 <u>1,971,376</u>	 <u>1,971,376</u>	 <u>3,747,297</u>	 <u>(1,775,921)</u>
 Fund Balance at December 31, 2007	 <u>\$ 1,971,376</u>	 <u>\$ 1,971,376</u>	 <u>\$ 3,978,600</u>	 <u>\$ (1,544,618)</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, 2007

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	\$ <u>3,000</u>	\$ <u>135,605</u>	\$ <u>136,777</u>
Total Assets	<u>\$ 3,000</u>	<u>\$ 135,605</u>	<u>\$ 136,777</u>
Liabilities:			
Due To Other Funds	\$ -	\$ -	\$ 5,253
Other Liabilities	<u>-</u>	<u>-</u>	<u>131,524</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,777</u>
Net Assets	<u>3,000</u>	<u>135,605</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 3,000</u>	<u>\$ 135,605</u>	<u>\$ 136,777</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, 2007

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.

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.

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, 2007 amounted to \$19,738,107. The 2007 tax levy of \$12,896,904, less \$2,928,420 in exclusions, represents approximately 50% 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, 2007. Investments such as certificates of deposits are shown under the caption "cash."

H) 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.)

I) 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 2007 fiscal year, approximately \$788,597 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 appropriable for expenditure by the City at December 31, 2007, 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, 2007 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 2007 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, 2007 consists of:

Petty Cash	\$ 6,900
Deposits:	
Checking and Savings Account	<u>4,771,136</u>
Total	<u>\$ 4,778,036</u>

Note 3 - Cash and Investments (Cont.)

Deposits

Deposits at December 31, 2007 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	\$ 1,455,121	\$ 1,224,462	Insured (FDIC), collateral held by City's Custodial Bank
Special Revenue Fund	1,626,140	1,604,839	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	1,166,561	1,666,453	Insured (FDIC), collateral held by City's Custodial Bank
	<u>4,247,822</u>	<u>4,495,754</u>	
Agency Fund:			
Trust and Agency Fund	<u>272,885</u>	<u>275,382</u>	Insured (FDIC), collateral held by City's Custodial Bank
Total	<u>\$ 4,520,707</u>	<u>\$ 4,771,136</u>	

Note 4 - Receivables - State and Federal

State and federal receivables accrued by the City at December 31, 2007 include the following:

General Fund:	
State Aid - Highway Maintenance	\$ 61,585
State Aid - Disaster Assistance	219,733
State Aid - Police	5,894
Federal Aid - Disaster Assistance	<u>633,846</u>
Total General Fund	<u>921,058</u>
Special Grant Fund:	
Federal Aid	<u>1,005,505</u>
Total	<u>\$ 1,926,563</u>

Note 5 - Due from Other Governments

Other government receivables accrued by the City at December 31, 2007 include the following:

General Fund:

Board of Education Tax Fee	\$ 15,000
Niagara County Sales Tax	<u>1,144,727</u>
Total	<u>\$ 1,159,727</u>

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

<u>Type</u>	<u>Balance at January 1, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2007</u>
Capital Assets Not Being Depreciated:				
Land	<u>\$ 4,400,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,400,350</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	10,440,994		990	10,440,004
Machinery and Equipment	6,198,889	459,000	571,345	6,086,544
Transportation Network	6,655,740		2,107,000	4,548,740
Water Treatment and Distribution Network	8,532,933			8,532,933
Sanitary Sewer Network	<u>39,715,176</u>	<u>-</u>	<u>-</u>	<u>39,715,176</u>
Total Capital Assets Being Depreciated	<u>71,543,732</u>	<u>459,000</u>	<u>2,679,335</u>	<u>69,323,397</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,768,987	190,466	990	2,958,463
Machinery and Equipment	3,600,644	218,828	571,345	3,248,127
Transportation Network	3,242,494	240,014	2,107,000	1,375,508
Water Treatment and Distribution Network	2,898,401	362,405		3,260,806
Sanitary Sewer Network	<u>18,762,021</u>	<u>956,068</u>	<u>-</u>	<u>19,718,089</u>
Total Accumulated Depreciation	<u>31,272,547</u>	<u>1,967,781</u>	<u>2,679,335</u>	<u>30,560,993</u>
Total Assets Being Depreciated, Net	<u>\$ 40,271,185</u>	<u>\$ (1,508,781)</u>	<u>\$ -</u>	<u>\$ 38,762,404</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>
2007	\$ 927,519	\$ 1,428,647
2006	1,019,477	953,367
2005	881,413	879,064

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 City had no outstanding RAN's or TAN's at December 31, 2007.

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, 2007.

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, 2007 the total outstanding long-term bond indebtedness of the City aggregated \$15,075,500. Of this amount, \$13,401,100 was subject to the constitutional debt limit and represented approximately 23.72% 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, 2007:

Serial Bonds	\$ 15,075,500
NYS Retirement System	1,309,006
Compensated Absences	<u>1,069,529</u>
	<u>\$ 17,454,035</u>

d. The following is a summary of changes in long-term liabilities for the year ended December 31, 2007:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>
Balance at January 1, 2007	\$ 13,861,500	\$ 1,565,454	\$ 1,013,566
Additions	3,505,000	-	55,963
Deletions	<u>(2,291,000)</u>	<u>(256,448)</u>	<u>-</u>
Balance at December 31, 2007	<u>\$ 15,075,500</u>	<u>\$ 1,309,006</u>	<u>\$ 1,069,529</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, 2007:

<u>Year</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Total</u>
2008	\$ 2,500,500	\$ 655,569	\$ 3,156,069
2009	2,235,000	596,253	2,831,253
2010	1,900,000	494,699	2,394,699
2011	1,485,000	409,911	1,894,911
2012	1,185,000	342,861	1,527,861
2013-2017	4,105,000	1,002,424	5,107,424
2018-2022	1,265,000	299,725	1,564,725
2023-2026	400,000	61,300	461,300
Total	<u>\$ 15,075,500</u>	<u>\$ 3,862,742</u>	<u>\$ 18,938,242</u>

Note 10 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2007 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,744,719	\$ 500,000
Capital Projects Funds	500,000	489,466
Sewer Fund		766,953
Water Fund	166,953	650,000
Trust and Agency Fund	-	5,253
	<u>\$ 2,411,672</u>	<u>\$ 2,411,672</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 appropriable 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	\$ 517,159
General Fund - Reserve for Insurance	295,969
General Fund - Reserve for Workers' Compensation	200,000
General Fund - Reserve for Encumbrances	284,989
Special Revenue Fund Type:	
Sewer Fund - Encumbrances	26,088
Sewer Fund - Retirement	41,738
Water Fund - Encumbrances	9,593
Water Fund - Retirement	30,144
Total	<u>\$ 1,405,680</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, 2007 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>\$ 83,060</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:

Title I Housing and Community Development Act of 1974			
<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	<u>14,715</u>	<u>14,715</u>	<u>-</u>
	<u>\$ 1,130,505</u>	<u>\$ 1,130,505</u>	<u>\$ -</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	\$ -
2007	402,660	-	402,660
	<u>687,660</u>	<u>285,000</u>	<u>402,660</u>

<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	181,890	468,110
	<u>\$ 2,151,525</u>	<u>\$ 1,683,415</u>	<u>\$ 468,110</u>

COMBINING AND INDIVIDUAL FUND 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, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Real Property Taxes				
A1001.	Real Property Taxes	\$ 12,896,904	\$ 12,895,803	\$ (1,101)	\$ 12,677,708
	Real Property Tax Items				
A1050.	Unneeded Reserve for Uncollected Taxes	695,000	830,998	135,998	811,512
A1081.	Other Payments in Lieu of Taxes (Shelter Tax Rent)	180,000	188,060	8,060	173,715
A1090.	Interest and Penalties on Taxes	190,000	197,890	7,890	235,493
	Total Real Property Tax Items	<u>1,065,000</u>	<u>1,216,948</u>	<u>151,948</u>	<u>1,220,720</u>
	Nonproperty Tax Items				
A1120.	Sales Tax (from County)	6,995,000	6,773,427	(221,573)	6,662,058
A1130.	Utilities Gross Receipts Tax	1,060,000	888,156	(171,844)	994,949
A1170.	Franchises	310,000	318,305	8,305	317,495
	Total Nonproperty Tax Items	<u>8,365,000</u>	<u>7,979,888</u>	<u>(385,112)</u>	<u>7,974,502</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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Departmental Income				
A1230.	Treasurer's Fees	\$ 110,000	\$ 114,486	\$ 4,486	\$ 103,050
A1231.	Treasurer's Tax Search Fees	20,000	19,001	(999)	20,354
A1235.	Reimbursement for Tax Sale			-	
	Advertising Expenses	2,000	2,040	40	1,895
A1255.	City Clerk's Fees	2,000	1,769	(231)	1,510
A1520.	Police Department Fees	5,000	11,220	6,220	13,420
A1550.	Public Pound Charges	700	625	(75)	1,150
A1560.	Engineering Bids			-	250
A1603.	Vital Statistics Fees	30,000	29,247	(753)	28,274
A1710.	Public Works Services	5,000	4,659	(341)	7,228
A1980.	Public Market Fees and Charges	32,000	34,380	2,380	32,565
A1989.	Special Assessments	30,000	33,792	3,792	34,132
A2001.	Park and Recreation Charges	50,000	47,075	(2,925)	48,730
A2002.	Park Permits	20,000	18,055	(1,945)	17,291
A2003.	Tree Planting Program	3,000	2,550	(450)	2,450
A2004.	Boat Launch Permits	11,000	13,105	2,105	13,520
A2005.	Canal Festival	15,000	1,000	(14,000)	13,000
A2012.	Recreation Concessions	200,000	199,775	(225)	188,355
A2050.	Golf Charges	780,000	737,491	(42,509)	753,156
A2110.	Zoning Board Fees	5,000	3,350	(1,650)	3,150
A2130.	Refuse and Garbage		552	552	1,137
A2189.	Other Home and Community Services		-	-	1,500
	Total Departmental Income	<u>1,320,700</u>	<u>1,274,172</u>	<u>(46,528)</u>	<u>1,286,117</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, 2007 With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Intergovernmental Charges				
A2210.	Tax and Assessments Services for Other Governments (N.T. School System)	\$ 13,000	\$ 15,000	\$ 2,000	\$ -
A2261.	County Aid - Drunk Driving Program	41,000	42,655	1,655	36,609
A2262.	County Aid - S W E E P	2,000		(2,000)	
A2357.	County Aid - Nutrition		2,431	2,431	2,431
A2358.	County Aid - Transportation	2,400		(2,400)	
A2359.	County Aid - Youth Court		7,020	7,020	5,265
A2376.	Department of Public Works Recycling	35,000	24,087	(10,913)	29,240
	Total Intergovernmental Charges	<u>93,400</u>	<u>91,193</u>	<u>(2,207)</u>	<u>73,545</u>
	Use of Money and Property				
A2401.	Interest and Earnings	100,000	179,462	79,462	132,176
A2402.	Interest Earned Capital	20,000	51,085	31,085	87,987
A2410.	Rentals on Real property	75,000	93,276	18,276	98,937
A2411.	Rentals Community Center		2,053	2,053	20,879
A2450.	Commissions - Telephone	1,000	556	(444)	322
	Total Use of Money and Property	<u>196,000</u>	<u>326,432</u>	<u>130,432</u>	<u>340,301</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, 2007

With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Licenses and Permits				
A2501.	Business Licenses	\$ 2,500	\$ 2,411	\$ (89)	\$ 1,914
A2502.	Occupational Licenses	750	20	(730)	900
A2503.	Amusement Licenses	750		(750)	-
A2505.	Marriage Licenses	3,000	3,409	409	4,217
A2506.	Hunting and Fishing Licenses	2,000	1,450	(550)	1,474
A2508.	Trailer Licenses		293	293	919
A2540.	Bingo Licenses	6,000	3,290	(2,710)	2,268
A2541.	Games of Chance Licenses	500	568	68	738
A2542.	Dog Licenses	16,000	14,839	(1,161)	21,770
A2553.	Car Dealership License	1,700	1,800	100	400
A2554.	Contractor Licenses	54,000	52,650	(1,350)	44,100
A2555.	Building Alteration Permits	87,000	89,268	2,268	92,305
A2565.	Plumbing Licenses	14,000	8,750	(5,250)	9,650
A2566.	Plumbing Permits	45,000	33,895	(11,105)	30,665
A2590.	Grading Permits	1,200	1,050	(150)	1,250
	Total Licenses and Permits	<u>234,400</u>	<u>213,693</u>	<u>(20,707)</u>	<u>212,570</u>
	Fines and Forfeitures				
A2610.	Fines and Forfeited Bail	<u>275,000</u>	<u>283,421</u>	<u>8,421</u>	<u>280,660</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, 2007

With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Sale of Property Compensation for Loss				
A2650.	Sale of Scrap and Excess Materials	\$ 15,000	\$ 18,961	\$ 3,961	\$ 15,365
A2655.	Minor Sales, Other	200	9,593	9,393	216
A2660.	Sale of Real Property	700,000	340,210	(359,790)	94,430
A2680.	Insurance Recoveries - Workers' Compensation	100,000	152,181	52,181	159,691
A2690.	Other Compensation for Loss	5,000	12,748	7,748	220
	Total Sale of Property and Compensation for Loss	<u>820,200</u>	<u>533,693</u>	<u>(286,507)</u>	<u>269,922</u>
	Miscellaneous Local Sources				
A2701.	Refunds of Prior Years' Expenditures	1,000	20,804	19,804	17,218
A2770.	Other Unclassified Revenues	10,000	25,408	15,408	18,550
A2801.	Interfund Revenues	80,000	80,000		80,000
	Total Miscellaneous Local Sources	<u>91,000</u>	<u>126,212</u>	<u>35,212</u>	<u>115,768</u>

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GENERAL FUND

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

For the Year Ended December 31, 2007

With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	State Aid - General				
A3001.	Per Capita	\$ 3,806,481	\$ 4,168,096	\$ 361,615	\$ 3,806,480
A3005.	Mortgage Taxes	400,000	382,439	(17,561)	429,094
A3040.	State Aid - Tax Administration	14,000	10,398	(3,602)	22,055
A3088.	Assessor	63,000		(63,000)	63,065
A3310.	State Aid - Police	5,000	98,239	93,239	22,210
A3330.	State Aid - Court Facilities	285,000	189,766	(95,234)	190,766
A3589.	Highway Maintenance	120,000	123,171	3,171	123,171
A3960.	Disaster Assistance	-	219,733	219,733	800,000
	Total State Aid - General	<u>4,693,481</u>	<u>5,191,842</u>	<u>498,361</u>	<u>5,456,841</u>
	State Aid - Culture and Recreation				
A3820.	Youth Projects (Recreation)	10,500	8,222	(2,278)	32,594
A3821.	Youth Projects (Youth Board)	21,000		(21,000)	
A3822.	Youth Projects	34,900	9,429	(25,471)	-
	Total State Aid - Culture and Recreation	<u>66,400</u>	<u>17,651</u>	<u>(48,749)</u>	<u>32,594</u>
	Total State Aid	<u>4,759,881</u>	<u>5,209,493</u>	<u>449,612</u>	<u>5,489,435</u>

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For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Federal Aid				
A4320.	Federal Aid - COPS	\$	\$ 1,992	\$ 1,992	\$ -
A4341.	Federal Aid - Disaster	12,426	13,211	785	12,427
A4960.	Federal Aid - FEMA		710,259	710,259	1,554,873
	Total Federal Aid	<u>12,426</u>	<u>725,462</u>	<u>713,036</u>	<u>1,567,300</u>
	Proceeds from Long Term Obligations				
A5710.	Bond Proceeds	-	-	-	422,879
TOTAL GENERAL FUND REVENUES		<u>\$ 30,129,911</u>	<u>\$ 30,876,410</u>	<u>\$ 746,499</u>	<u>\$ 31,508,548</u>

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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
	General Government Support					
	Legislative					
A1010.	Common Council					
.1	Personal Services	\$ 40,500	\$ 40,499	\$	\$ 1	\$ 40,500
.4	Contractual Expenses	500	300	300	200	551
	Total Legislative	<u>41,000</u>	<u>40,799</u>	<u>300</u>	<u>201</u>	<u>41,051</u>
	Executive					
A1210.	Mayor					
.1	Personal Services	107,541	107,540		1	111,785
.2	Equipment				-	79
.4	Contractual Expenses	16,155	14,427	-	1,728	9,309
	Total Executive	<u>123,696</u>	<u>121,967</u>	<u>-</u>	<u>1,729</u>	<u>121,173</u>
	Finance					
A1315.	Accountant (Comptroller)					
.1	Personal Services	176,969	176,969		-	173,112
.4	Contractual Expenses	11,255	15,296	-	(4,041)	12,207
	Total Accountant	<u>188,224</u>	<u>192,265</u>	<u>-</u>	<u>(4,041)</u>	<u>185,319</u>
A1320.	Auditor					
.4	Contractual Expenses	20,000	15,800	-	4,200	16,400

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For the Year Ended December 31, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 160,772	\$ 160,772	\$	\$ -	\$ 157,705
.4	Contractual Expenses	28,964	21,425	650	6,889	18,104
	Total Treasurer	189,736	182,197	650	6,889	175,809
A1355.	Assessment					
.1	Personal Services	194,196	193,728		468	204,976
.4	Contractual Expenses	33,619	36,032	2,684	(5,097)	40,228
	Total Assessment	227,815	229,760	2,684	(4,629)	245,204
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	3,300	1,956	-	1,344	1,818
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	15,000	11,736	-	3,264	10,908
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	400,000	330,198	-	69,802	354,599
	Total Finance	1,044,075	963,912	3,334	76,829	990,057

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GENERAL FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)For the Year Ended December 31, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
A1410.	Staff					
	City Clerk					
.1	Personal Services	\$ 146,188	\$ 146,188	\$	\$ -	\$ 139,337
.4	Contractual Expenses	23,240	18,646	5,129	(535)	19,683
	Total City Clerk	169,428	164,834	5,129	(535)	159,020
A1420.	Law					
.1	Personal Services	146,330	146,330		-	144,489
.4	Contractual Expenses	22,048	15,321	7,652	(925)	7,767
	Total Law	168,378	161,651	7,652	(925)	152,256
A1440.	Engineer					
.1	Personal Services	216,640	216,640		-	216,746
.4	Contractual Expenses	14,726	13,540	252	934	13,025
	Total Engineer	231,366	230,180	252	934	229,771
A1450.	Elections					
.2	Equipment	4,750	770		3,980	180
.4	Contractual Expenses	10,000	1,122		8,878	1,201
	Total Elections	14,750	1,892	-	12,858	1,381

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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>2006 Actual</u>
A1490.	Public Works Administration	\$ 389,399	\$ 389,399	\$ -	\$ -	\$ 379,430
.1	Personal Services	40,214	40,215	-	(1)	34,725
.4	Contractual Expenses	429,613	429,614	-	(1)	414,155
	Total Public Works Administration					
		1,013,535	988,171	13,033	12,331	956,583
	Total Staff					
	Shared Services					
A1620.	Buildings	312,928	312,928	-	-	320,547
.1	Personal Services	259,451	262,006	130	(2,685)	276,714
.4	Contractual Expenses	572,379	574,934	130	(2,685)	597,261
	Total Buildings					
A1670.	Central Printing and Mailing	15,000	9,645	240	5,115	16,880
.2	Equipment	61,000	35,091	18,961	6,948	46,323
.4	Contractual Expenses	76,000	44,736	19,201	12,063	63,203
	Total Central Printing and Mailing					
		648,379	619,670	19,331	9,378	660,464
	Total Shared Services					

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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>2006 Actual</u>
Special Items						
A1910 .4	Unallocated Insurance	\$ 200,400	\$ 200,400	\$	\$	\$ 200,663
A1920 .1	Hospitalization Waiver	67,000	53,983		13,017	55,611
A1930 .4	Judgments and Claims	206,040	147,338	51,301	7,401	272,613
A1941 .4	Leases and Rights of Way	10,000	3,631	12,409	(6,040)	16,674
A1950 .4	Taxes on City Property	94,155	94,155		-	25,653
A1980 .4	Provisions for Reserve for Uncollected Taxes	451,674	451,674		-	353,565
Total Special Items		<u>1,029,269</u>	<u>951,181</u>	<u>63,710</u>	<u>14,378</u>	<u>924,779</u>
Total General Government Support		<u>3,899,954</u>	<u>3,685,700</u>	<u>99,708</u>	<u>114,846</u>	<u>3,694,107</u>
Public Safety						
Police						
A3120 .1	Personal Services	4,204,794	4,204,794		-	3,965,751
.2	Equipment	47,180	38,233	6,640	2,307	25,031
.4	Contractual Expenses	253,200	241,070	21,951	(9,821)	225,341
Total Police		<u>4,505,174</u>	<u>4,484,097</u>	<u>28,591</u>	<u>(7,514)</u>	<u>4,216,123</u>

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GENERAL FUND

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

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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>2006 Actual</u>
A3310.	Traffic Control					
.1	Personal Services	\$ 271,282	\$ 267,860	\$	\$ 3,422	\$ 251,249
.4	Contractual Expenses	128,110	116,818	16,150	(4,858)	122,313
	Total Traffic Control	<u>399,392</u>	<u>384,678</u>	<u>16,150</u>	<u>(1,436)</u>	<u>373,562</u>
A3410.	Fire Department					
.1	Personal Services	3,046,927	3,046,927		-	2,755,884
.2	Equipment	30,000	23,260	8,041	(1,301)	26,030
.4	Contractual Expenses	377,867	366,325	19,301	(7,759)	336,779
	Total Fire Department	<u>3,454,794</u>	<u>3,436,512</u>	<u>27,342</u>	<u>(9,060)</u>	<u>3,118,693</u>
A3510.	Control of Animals					
.4	Contractual Expenses	50,000	47,808	-	2,192	50,478
A3620.	Safety Inspection					
.1	Personal Services	215,446	214,878		568	204,225
.4	Contractual Expenses	22,544	18,516	3,960	68	20,308
	Total Safety Inspection	<u>237,990</u>	<u>233,394</u>	<u>3,960</u>	<u>636</u>	<u>224,533</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>2006 Actual</u>
A3640.	Emergency Management					
.1	Personal Services	\$ 6,100	\$ 6,083	\$	\$ 17	\$ 5,512
.2	Equipment	750	750		-	8,666
.4	Contractual Expenses	10,410	6,791	3,027	592	8,770
	Total Emergency Management	<u>17,260</u>	<u>13,624</u>	<u>3,027</u>	<u>609</u>	<u>22,948</u>
A3650.	Building Demolition					
.4	Contractual Expenses	25,000	21,375	24,620	(20,995)	4,005
	Total Public Safety	<u>8,689,610</u>	<u>8,621,488</u>	<u>103,690</u>	<u>(35,568)</u>	<u>8,010,342</u>
	Transportation					
A5510.	Streets Maintenance					
.1	Personal Services	2,032,999	2,032,253		746	1,950,349
.2	Equipment	10,981	11,617		(636)	9,328
.4	Contractual Expenses	815,942	830,346	-	(14,404)	923,796
	Total Streets Maintenance	<u>2,859,922</u>	<u>2,874,216</u>	<u>-</u>	<u>(14,294)</u>	<u>2,883,473</u>
A5142.	Snow and Ice Control					
.1	Personal Services	26,060	26,060			24,760
.4	Contractual Expenses	150,000	157,567	-	(7,567)	118,382
	Total Snow and Ice Control	<u>176,060</u>	<u>183,627</u>	<u>-</u>	<u>(7,567)</u>	<u>143,142</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>2006 Actual</u>
A5182.	Street Lighting					
.4	Contractual Expenses	\$ 695,484	\$ 695,484	\$ -	\$ -	\$ 675,085
	Total Transportation	<u>3,731,466</u>	<u>3,753,327</u>	<u>-</u>	<u>(21,861)</u>	<u>3,701,700</u>
	Economic Opportunity and Development					
A6520.	Public Market					
.1	Personal Services	5,001	5,001		-	4,991
.4	Contractual Expenses	999	458		541	338
	Total Public Market	<u>6,000</u>	<u>5,459</u>	<u>-</u>	<u>541</u>	<u>5,329</u>
A6772.	Programs for Aging					
.1	Personal Services	110,712	110,254		458	145,805
.4	Contractual Expenses	39,400	35,877	-	3,523	36,650
	Total Programs for Aging	<u>150,112</u>	<u>146,131</u>	<u>-</u>	<u>3,981</u>	<u>182,455</u>
	Total Economic Opportunity and Development	<u>156,112</u>	<u>151,590</u>	<u>-</u>	<u>4,522</u>	<u>187,784</u>
	Culture and Recreation					
A7010.	Council on Arts					
.4	Contractual Expenses	8,000	6,698	-	1,302	6,027

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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>2006 Actual</u>
A7020.	Recreation Administration					
.1	Personal Services	\$ 158,436	\$ 158,436	\$	\$ -	\$ 151,821
.4	Contractual Expenses	12,234	11,445	695	94	13,434
	Total Recreation Administration	<u>170,670</u>	<u>169,881</u>	<u>695</u>	<u>94</u>	<u>165,255</u>
A7110.	Parks					
.1	Personal Services	400,209	400,209		-	415,033
.4	Contractual Expenses	171,086	168,626	31	2,429	163,902
	Total Parks	<u>571,295</u>	<u>568,835</u>	<u>31</u>	<u>2,429</u>	<u>578,935</u>
A7140.	Playground and Recreation Centers					
.1	Personal Services	125,214	125,214		-	126,528
.2	Equipment	5,030	5,030			4,000
.4	Contractual Expenses	41,470	40,722	-	748	38,298
	Total Playground and Recreation Centers	<u>171,714</u>	<u>170,966</u>	<u>-</u>	<u>748</u>	<u>168,826</u>
A7180.	Swimming Pools					
.1	Personal Services	51,146	51,146			45,397
.4	Contractual Expenses	26,702	25,589		1,113	23,299
	Total Swimming Pools	<u>77,848</u>	<u>76,735</u>	<u>-</u>	<u>1,113</u>	<u>68,696</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>2006 Actual</u>
A7250.	Golf Course					
.1	Personal Services	\$ 430,238	\$ 430,238	\$ -	\$ -	\$ 403,615
.4	Contractual Expenses	220,000	216,817	1,509	1,674	279,333
	Total Golf Course	<u>650,238</u>	<u>647,055</u>	<u>1,509</u>	<u>1,674</u>	<u>682,948</u>
A7310.	Youth Activities or Agencies	91,427	78,077		13,350	89,203
.1	Personal Services					
.2	Equipment	44,578	37,798	364	6,416	33,682
.4	Contractual Expenses	136,005	115,875	364	19,766	122,885
	Total Youth Activities or Agencies	<u>136,005</u>	<u>115,875</u>	<u>364</u>	<u>19,766</u>	<u>122,885</u>
	Total Culture and Recreation	<u>1,785,770</u>	<u>1,756,045</u>	<u>2,599</u>	<u>27,126</u>	<u>1,793,572</u>
A8010.	Home and Community Services					
	Zoning Board of Appeals					
.1	Personal Services	5,290	5,290	-	-	5,240
A8020.	Planning Commission					
.1	Personal Services	183,898	171,702	-	12,196	3,592
.4	Contractual Expenses	183,898	171,702	-	12,196	144,300
	Total Planning Commission	<u>183,898</u>	<u>171,702</u>	<u>-</u>	<u>12,196</u>	<u>144,300</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>2006 Actual</u>
	Debt Service - Interest					
A9710.7	Interest on Serial Bonds	\$ 535,689	\$ 450,638	\$	\$ 85,051	\$ 348,879
A9730.7	Interest on Bond Anticipation Notes	25,000			25,000	29,459
A9760.7	Interest on Tax Anticipation Notes	64,555	64,556		(1)	42,967
A9770.7	Interest on Revenue Anticipation Notes	18,625	18,625			13,508
	Total Debt Service - Interest	<u>643,869</u>	<u>533,819</u>	<u>-</u>	<u>110,050</u>	<u>434,813</u>
	Transfers To Other Funds					
A9901.0	Transfer to Sewer Fund	300,000	300,000		-	-
A9902.0	Transfer to Capital - Golf	-	81,401	-	81,401	-
		<u>300,000</u>	<u>381,401</u>	<u>-</u>	<u>81,401</u>	<u>-</u>
	Total Undistributed	<u>10,327,425</u>	<u>9,634,749</u>	<u>30,284</u>	<u>825,194</u>	<u>9,382,904</u>
	TOTAL GENERAL FUND EXPENDITURES	<u>\$ 30,129,911</u>	<u>\$ 30,360,118</u>	<u>\$ 284,989</u>	<u>\$ (352,094)</u>	<u>\$ 29,805,506</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>2006 Actual</u>
A8160.	Garbage/Waste Collection					
.1	Personal Services	\$ 727,386	\$ 685,820	\$	\$ 41,566	\$ 692,252
.4	Contractual Expenses	623,000	620,532	48,708	(46,240)	677,158
	Total Garbage/Waste Collection	<u>1,350,386</u>	<u>1,306,352</u>	<u>48,708</u>	<u>(4,674)</u>	<u>1,369,410</u>
A8760.	Emergency Disaster Work					
.4	Contractual Expenses	-	1,273,875	-	(1,273,875)	1,516,147
	Total Home and Community Services	<u>1,539,574</u>	<u>2,757,219</u>	<u>48,708</u>	<u>(1,266,353)</u>	<u>3,035,097</u>
	Undistributed Employee Benefits					
A9010.	State Retirement	700,000	660,948		39,052	678,543
A9015.	Fire and Police Retirement	1,390,000	1,309,827		80,173	1,376,246
A9030.	Social Security	1,135,000	1,023,600		111,400	999,246
A9040.	Workers' Compensation	850,625	780,704	284	69,637	909,327
A9045.	Life Insurance	50,000	21,360		28,640	19,659
A9050.	Unemployment Insurance	90,000	20,978	30,000	39,022	33,900
A9060.	Hospital and Medical Insurance	3,139,362	3,139,362		-	2,755,420
	Total Employee Benefits	<u>7,354,987</u>	<u>6,956,779</u>	<u>30,284</u>	<u>367,924</u>	<u>6,772,341</u>
	Debt Service - Principal					
A9710.6	Principal on Serial Bonds	1,962,750	1,762,750		200,000	1,871,750
A9730.6	Principal on Bond Anticipation Notes	65,819	-	-	65,819	304,000
	Total Debt Service - Principal	<u>2,028,569</u>	<u>1,762,750</u>	<u>-</u>	<u>265,819</u>	<u>2,175,750</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

Combining Balance SheetDecember 31, 2007

	Special Grant Fund	Sewer Fund	Water Fund	<u>Totals Memorandum Only</u>	
				December 31, 2007	December 31, 2006
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,231,443	\$ 243,361	\$ 130,035	\$ 1,604,839	\$ 1,645,252
Receivables:					
Water Rents			480,373	480,373	492,699
Sewer Rents		747,628		747,628	762,045
Accounts	189,587			189,587	227,280
Loans	34,612			34,612	49,394
State and Federal Aid	1,005,505			1,005,505	1,033,123
Due from Other Funds			166,953	166,953	
Prepaid Expenses	-	41,738	30,144	71,882	73,912
Total Assets	\$ 2,461,147	\$ 1,032,727	\$ 807,505	\$ 4,301,379	\$ 4,283,705
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 92,519	\$ 105,537	\$ 37,060	\$ 235,116	\$ 246,102
Accrued Liabilities		30,713	23,155	53,868	47,786
FSS Escrow - PHA					
Due to Other Funds		766,953	650,000	1,416,953	1,290,648
Due to Other Governments	769,309			769,309	639,510
Deferred Revenue	1,339,898			1,339,898	1,370,636
Total Liabilities	2,201,726	903,203	710,215	3,815,144	3,594,682
Fund Equity:					
Fund Balance:					
Reserved for Encumbrances		26,088	9,593	35,681	25,458
Reserved for Retirement		41,738	30,144	71,882	73,912
Unreserved:					
Undesignated	259,421	61,698	57,553	378,672	589,653
Total Fund Equity	259,421	129,524	97,290	486,235	689,023
Total Liabilities and Fund Equity	\$ 2,461,147	\$ 1,032,727	\$ 807,505	\$ 4,301,379	\$ 4,283,705

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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, 2007

	Special Grant Fund	Sewer Fund	Water Fund	<u>Totals Memorandum Only</u>	
				December 31, 2007	December 31, 2006
Revenues:					
Departmental Income	\$ 200,013	\$ 4,020,517	\$ 2,635,830	\$ 6,856,360	\$ 6,849,785
Use of Money and Property	8,127		37,898	46,025	40,644
Sale of Property and Compensation for Loss			10,893	10,893	3,015
Miscellaneous		75		75	574
State Aid			9,660	9,660	575
Federal Aid	3,798,071			3,798,071	4,177,529
Total Revenues	<u>4,006,211</u>	<u>4,020,592</u>	<u>2,694,281</u>	<u>10,721,084</u>	<u>11,072,122</u>
Expenditures:					
Current:					
General Governmental Support		50,200	25,351	75,551	71,151
Home and Community Services	4,313,619	3,040,880	1,862,376	9,216,875	9,500,062
Employee Benefits		728,303	505,423	1,233,726	1,195,106
Debt Service - Principal		326,450	201,800	528,250	815,702
Debt Service - Interest		107,551	61,919	169,470	196,902
Total Expenditures	<u>4,313,619</u>	<u>4,253,384</u>	<u>2,656,869</u>	<u>11,223,872</u>	<u>11,778,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(307,408)</u>	<u>(232,792)</u>	<u>37,412</u>	<u>(502,788)</u>	<u>(706,801)</u>
Other Sources and (Uses):					
Transfer from Other Funds		300,000		300,000	350,000
Transfer to Other Funds					-
Total Other Sources and (Uses)		<u>300,000</u>		<u>300,000</u>	<u>350,000</u>
Net Change in Fund Balances	<u>(307,408)</u>	<u>67,208</u>	<u>37,412</u>	<u>(202,788)</u>	<u>(356,801)</u>
Fund Balances at Beginning of Year	<u>566,829</u>	<u>62,316</u>	<u>59,878</u>	<u>689,023</u>	<u>1,045,824</u>
Fund Balances at End of Year	<u>\$ 259,421</u>	<u>\$ 129,524</u>	<u>\$ 97,290</u>	<u>\$ 486,235</u>	<u>\$ 689,023</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed RevenuesFor the Year Ended December 31, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	Departmental Income		
CD8673.	Action Grant Loan Repayments	\$ 168,811	\$ 95,338
CD8674.	HOME Rehabilitation Program	31,202	60,695
	Total Departmental Income	<u>200,013</u>	<u>156,033</u>
	Use of Money and Property		
CD2401.	Interest and Earnings	<u>8,127</u>	<u>3,818</u>
	Federal Aid		
CD4911.	HUD Section 8	2,761,793	2,674,744
CD4912.	Bishop Gibbons Section 8	630,643	1,064,040
CD4921.	2004 GOSC Housing Public Facilities	4,566	
CD4921.	1998 CDBG Home Improvement Program	12,449	27,618
CD4921.	1999 CDBG Homeownership	-	84,370
CD4921.	2005 CDBG Home Improvement Program	-	315,790
CD4921.	2005 GOSC Economic Development	21,074	10,967
CD4921.	2006 CDBG Small Cities Comprehensive Grant	367,546	-
	Total Federal Aid	<u>3,798,071</u>	<u>4,177,529</u>
TOTAL SPECIAL GRANT FUND REVENUES		<u>\$ 4,006,211</u>	<u>\$ 4,337,380</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed Expenditures For the Year Ended December 31, 2007

With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>2007 Actual</u>	<u>2006 Actual</u>
	Home and Community Services		
CD8662.	Public Works, Facilities, Site Improvements	\$ -	\$ -
.4	Contractual Expenses		
CD8672.	Rent Assistance Program	3,370,459	3,689,940
.4	Contractual Expenses		
CD8684.	Downtown Strategic Plan	168,752	283,070
.4	Contractual Expenses		
CD8686.	Administrative	226,702	31,710
.4	Contractual Expenses		
CD8668.	Rehabilitation Loans and Grants	547,706	607,275
.4	Contractual Expenses		
CD8698.	Ownership Assistance	-	43,173
.4	Contractual Expenses		
TOTAL SPECIAL GRANT FUND EXPENDITURES		<u>\$ 4,313,619</u>	<u>\$ 4,372,098</u>

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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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Departmental Income				
G2120.	Sewer Rents	\$ 4,015,000	\$ 3,883,843	\$ (131,157)	\$ 3,869,445
G2122.	Sewer Service Charges	58,000	39,588	(18,412)	47,539
G2128.	Interest and Penalties - Sewer Rents	100,500	97,086	(3,414)	123,453
	Total Departmental Income	<u>4,173,500</u>	<u>4,020,517</u>	<u>(152,983)</u>	<u>4,040,437</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>75</u>	<u>75</u>	<u>574</u>
	State Aid				
G3901.	State Aid	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>575</u>
	Interfund Transfers				
G2811.	Transfer from General Fund	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
	TOTAL SEWER FUND REVENUES	<u>\$ 4,511,500</u>	<u>\$ 4,320,592</u>	<u>\$ (190,908)</u>	<u>\$ 4,044,626</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, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 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	8,275	8,275	-		2,020
	Total General Government Support	<u>52,775</u>	<u>50,200</u>	<u>-</u>	<u>2,575</u>	<u>43,945</u>
G8120.	Sanitary Sewers					
.1	Personal Services	377,528	377,528		-	375,327
.4	Contractual Expenses	131,725	129,500	-	2,225	133,330
	Total Sanitary Sewers	<u>509,253</u>	<u>507,028</u>	<u>-</u>	<u>2,225</u>	<u>508,657</u>

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, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
G8130	Sewage Treatment					
.1	Personal Services	\$ 1,248,758	\$ 1,248,758	\$	\$ -	\$ 1,230,367
.2	Equipment	20,188	20,157		31	17,748
.4	Contractual Expenses	1,277,137	1,264,937	26,088	(13,888)	1,268,579
	Total Sewage Treatment	<u>2,546,083</u>	<u>2,533,852</u>	<u>26,088</u>	<u>(13,857)</u>	<u>2,516,694</u>
	Total Home and Community Services	<u>3,055,336</u>	<u>3,040,880</u>	<u>26,088</u>	<u>(11,632)</u>	<u>3,025,351</u>
	Undistributed					
	Employee Benefits					
G9010.8	State Retirement	175,000	165,994		9,006	159,797
G9030.8	Social Security	135,000	125,532		9,468	124,604
G9040.8	Workers' Compensation	120,138	92,875		27,263	103,530
G9045.8	Life Insurance	3,000	1,540		1,460	1,439
G9060.8	Hospital and Medical Insurance	342,362	342,362		-	304,812
	Total Employee Benefits	<u>775,500</u>	<u>728,303</u>	<u>-</u>	<u>47,197</u>	<u>694,182</u>
	Debt Service - Principal					
G9710.6	Principal on Serial Bonds	426,450	326,450		100,000	437,026
G9730.6	Principal of Bond Anticipation Notes	25,000	-		25,000	25,000
	Total Debt Service - Principal	<u>451,450</u>	<u>326,450</u>	<u>-</u>	<u>125,000</u>	<u>462,026</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, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
	Debt Service - Interest					
G9710.7	Interest on Serial Bonds	\$ 168,439	\$ 107,551	\$	\$ 60,888	\$ 128,818
G9730.7	Interest on Bond Anticipation Notes	8,000	-		8,000	7,069
	Total Debt Service - Interest	<u>176,439</u>	<u>107,551</u>	-	<u>68,888</u>	<u>135,887</u>
	Total Undistributed	<u>1,403,389</u>	<u>1,162,304</u>	-	<u>241,085</u>	<u>1,292,095</u>
	TOTAL SEWER FUND EXPENDITURES	<u>\$ 4,511,500</u>	<u>\$ 4,253,384</u>	<u>\$ 26,088</u>	<u>\$ 232,028</u>	<u>\$ 4,361,391</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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2006 Actual</u>
	Departmental Income				
F2140	Metered Water Sales	\$ 2,627,000	\$ 2,554,766	\$ (72,234)	\$ 2,547,365
F2142	Unmetered Water Sales	1,500		(1,500)	-
F2144	Water Service Sales	25,000	18,337	(6,663)	25,394
F2148	Interest Penalties on Water Rents	70,000	62,727	(7,273)	80,556
	Total Departmental Income	<u>2,723,500</u>	<u>2,635,830</u>	<u>(87,670)</u>	<u>2,653,315</u>
	Use of Money and Property				
F2401	Interest and Earnings	1,000	4,544	3,544	2,325
F2410	Rental Property	31,200	33,354	2,154	34,501
	Total Use of Money and Property	<u>32,200</u>	<u>37,898</u>	<u>5,698</u>	<u>36,826</u>
	Sale of Property and Compensation for Loss				
F2665	Minor Sales		825	825	550
F2680	Sale of Equipment	3,000		(3,000)	
F2690	Other Compensation for Loss	3,000	10,068	7,068	2,465
	Total Sale of Property and Compensation for Loss	<u>6,000</u>	<u>10,893</u>	<u>4,893</u>	<u>3,015</u>
	Miscellaneous Local Sources				
F2701	Refund of Prior Years' Expenditures	-	-	-	10
	State Aid				
F3901	NYSERDA	-	9,660	9,660	-
	TOTAL WATER FUND REVENUES	<u>\$ 2,761,700</u>	<u>\$ 2,694,281</u>	<u>\$ (67,419)</u>	<u>\$ 2,693,166</u>

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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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 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		(3,225)	5,775
F1930.4	Judgments and Claims	10,000	2,076	-	(7,924)	3,931
	Total General Government Support	<u>36,500</u>	<u>25,351</u>	<u>-</u>	<u>11,149</u>	<u>27,206</u>
	Home and Community Services					
F8310	Water Administration					
		251,494	251,494		-	216,889
.1	Personal Services	500	500		-	500
.2	Equipment	51,757	50,637	875	(1,120)	47,232
.4	Contractual Expenses	<u>303,751</u>	<u>302,631</u>	<u>875</u>	<u>245</u>	<u>264,621</u>
	Total Water Administration					
F8320	Source and Supply, Power and Pumping					
		310,615	296,775		13,840	344,858
.1	Personal Services	31,268	31,268	-	-	25,077
.2	Equipment	262,729	258,329		4,400	245,159
.4	Contractual Expenses	<u>604,612</u>	<u>586,372</u>	<u>-</u>	<u>18,240</u>	<u>615,094</u>
	Total Source and Supply, Power and Pumping					

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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, 2007With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
F8330.	Purification					
.1	Personal Services	\$ 310,615	\$ 296,775	\$	\$ 13,840	\$ 322,545
.2	Equipment	15,400	15,218	-	182	11,900
.4	Contractual Expenses	106,216	100,296	8,384	(2,464)	91,603
	Total Purification	<u>432,231</u>	<u>412,289</u>	<u>8,384</u>	<u>11,558</u>	<u>426,048</u>
F8340.	Transmission and Distribution					
.1	Personal Services	429,168	429,168		-	385,538
.2	Equipment	43,138	39,439		3,699	48,902
.4	Contractual Expenses	93,562	92,477	334	751	79,340
	Total Transmission and Distribution	<u>565,868</u>	<u>561,084</u>	<u>334</u>	<u>4,450</u>	<u>513,780</u>
	Total Home and Community Services	<u>1,906,462</u>	<u>1,862,376</u>	<u>9,593</u>	<u>34,493</u>	<u>1,819,543</u>
	Undistributed					
	Employee Benefits					
F9010.8	State Retirement	120,578	123,567		(2,989)	128,045
F9030.8	Social Security	110,000	96,314		13,686	96,522
F9040.8	Workers' Compensation	89,000	65,012		23,988	72,471
F9045.8	Life Insurance	3,000	1,518		1,482	1,428
F9060.8	Hospital and Medical Insurance	225,000	219,012		5,988	202,458
	Total Employee Benefits	<u>547,578</u>	<u>505,423</u>	<u>-</u>	<u>42,155</u>	<u>500,924</u>

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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, 2007
With Comparative Actual Amounts for the Year Ended December 31, 2006

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2006 Actual</u>
	Debt Service - Principal					
F9710.6	Principal on Serial Bonds	\$ 201,800	\$ 201,800		\$ -	\$ 318,676
F9730.6	Principal of Bond Anticipation Notes	-	-			35,000
	Total Debt Service - Principal	<u>201,800</u>	<u>201,800</u>	<u>-</u>	<u>-</u>	<u>353,676</u>
	Debt Service - Interest					
F9710.7	Interest on Serial Bonds	62,454	61,919		535	52,879
F9730.7	Interest on Bond Anticipation Notes	6,906	-		6,906	8,136
	Total Debt Service - Interest	<u>69,360</u>	<u>61,919</u>	<u>-</u>	<u>7,441</u>	<u>61,015</u>
	Total Undistributed	<u>818,738</u>	<u>769,142</u>	<u>-</u>	<u>49,596</u>	<u>915,615</u>
TOTAL WATER FUND EXPENDITURES		<u>\$ 2,761,700</u>	<u>\$ 2,656,869</u>	<u>\$ 9,593</u>	<u>\$ 95,238</u>	<u>\$ 2,762,364</u>

**CITY OF NORTH TONAWANDA, NEW YORK
CAPITAL PROJECTS FUNDS**

**Combining Balance Sheet by Project
December 31, 2007**

<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	\$ 168,088	\$	\$	\$	\$	\$	\$	\$ 168,088	\$ 168,088
H-76	Erie Avenue Renovation	50,265							50,265	50,265
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	(236,631)							(236,631)	(236,631)
H-202	Golf/Dock/City Hall '02	18,934		18,476					458	18,934
H-401	Riverwalk/Docks/HVAC '04	145,462							145,462	145,462
H-404	Rec Tennis/Skid/Golf '04	81,918							81,918	81,918
H-501	Canal Lighting/Pool '05	(97,669)							(97,669)	(97,669)
H-507	Briarwood Subdivision '05	45,324		33,254					12,070	45,324
H-508	Grants Project '05	(74,579)							(74,579)	(74,579)
H-601	Meadow Drive Ext '06	100,000	500,000		100,000				500,000	600,000
H-602	City Hall Alarm/Data '06	158,160							158,160	158,160
H-603	Police/Fire Car/Reno '06	46,751							46,751	46,751
H-604	DPW Fleet/Wash Sys '06	256,544							256,544	256,544
H-701	Durkey Bridge '07	143,854							143,854	143,854
H-703	Chambers/Gateway '07	367,445							367,445	367,445
H-704	Kingston Reconstruction '07	35,326		7,366					27,960	35,326
H-705	Police/Fire/Parks '07	342,693							342,693	342,693
H-708	Recreation Grants '07	(43,422)							(43,422)	(43,422)
H-709	Main Street Scape '07	200,000							200,000	200,000
R	Gratwick Park	248,773			244,864				3,909	248,773

See Independent Auditor's Report

**CITY OF NORTH TONAWANDA, NEW YORK
CAPITAL PROJECTS FUNDS**

**Combining Balance Sheet by Project
December 31, 2007**

<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>
Paving and Curbs:										
H-82-1	CHIPS Highway Resurfacing	(557,623)			144,602				(702,225)	(557,623)
H-706	Street Resurfacing/Sig '07	55,511							55,511	55,511
Sanitary Sewers:										
H-605	Old Falls San Sewer '06								97,041	97,041
H-608	Sewer Capital '06	97,041							128,093	128,093
H-707	WWTP Carbon/Pump '07	128,093								
Storm Sewer:										
H-81	Storm Sewer Renovation								182,002	182,002
H-902	Ward Road Storm '99	182,002								
Water Lines:										
H-405	Warner Ave Water Main '04	(190,099)							(190,099)	(190,099)
H-505	Water System Upgrade '05									
Totals		<u>\$ 1,666,453</u>	<u>\$ 500,000</u>	<u>\$ 59,096</u>	<u>\$ 489,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,617,891</u>	<u>\$ 2,166,453</u>

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, 2007

<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-10	Entrance Roof PG Tank '96	170,000	670,000	43,375	68,782	112,157	557,843
H-76	Erie Avenue Renovation	789,000	1,089,000	34,456	36,845	71,301	1,017,699
H-104	Roblin Steel Remediation Site '01	3,176,000	3,176,000	25,879		25,879	3,150,121
H-201	Tank Reno-Riverwalk '02	100,000	500,000		59,199	59,199	440,801
H-202	Golf/Dock/City Hall '02	420,000	720,000	26,516	393,407	419,923	300,077
H-401	Riverwalk/Docks/HVAC '04	1,948,092	1,948,092	117,782	76,369	194,151	1,753,941
H-404	Rec Tennis/Skid/Golf '04	76,000	76,000			-	76,000
H-501	Canal Lighting/Pool '05	642,000	642,000	180,112	7,557	187,669	454,331
H-507	Briarwood Subdivision '05	350,000	710,000	1,230	353,980	355,210	354,790
H-508	Grants Project '05	155,000	155,000	64,262	8,000	72,262	82,738
H-601	Meadow Drive Ext '06	3,700,000	3,700,000			-	3,700,000
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	159,255	388,762	(70,762)
H-604	DPW Fleet/Wash Sys '06	1,390,000	1,390,000	540,988	592,468	1,133,456	256,544
H-607	Water Roof Scada '06	155,000	155,000	30,679	274,321	305,000	(150,000)
H-701	Durkey Bridge '07	1,500,000	1,500,000		76,146	76,146	1,423,854
H-703	Chambers/Gateway '07	453,000	453,000		18,055	18,055	434,945
H-704	Kingston Reconstruction '07	205,000	205,000		177,040	177,040	27,960
H-705	Police/Fire/Parks '07	1,142,000	1,142,000		191,807	191,807	950,193
H-708	Recreation Grants '07	119,000	119,000		43,423	43,423	75,577
H-709	Main Street Scape '07	200,000	200,000			-	200,000
H-803	Police Comm/Range '00	183,000	298,000	(1,948)		(1,948)	299,948

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, 2007

<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 (Cont.):							
H-806	Recreation Equipment '00	86,000	86,000		45,809	45,809	40,191
R-	Gratwick Park	13,397,680	13,397,680			-	13,397,680
Paving and Curbs:							
H-82-1	CHIPS Highway Resurfacing	1,130,000	7,730,000	526,518	861,651	1,388,169	6,341,831
H-706	Street Resurfacing/Sig '07	282,000	282,000		144,489	144,489	137,511
Sanitary Sewers:							
H-95	Sherwood San Lift	300,000	675,000			-	675,000
H-605	Old Falls San Sewer '06	1,100,000	1,100,000	883,260	16,740	900,000	200,000
H-608	Sewer Capital '06	950,000	950,000	769,397	83,562	852,959	97,041
H-707	WWTP Carbon/Pump '07	250,000	250,000		121,907	121,907	128,093
Storm Sewer:							
H-81	Storm Sewer Renovation	505,000	505,000	100,108	15,739	115,847	389,153
H-902	Ward Road Storm '99	200,000	200,000			-	200,000
Water Lines:							
H-405	Water Plant/Warner/RS '04	1,330,000	1,330,000	7,726		7,726	1,322,274
H-505	Water System Upgrade '05	305,000	305,000	147,281	57,810	205,091	99,909
Totals		<u>\$ 37,198,772</u>	<u>\$ 46,148,772</u>	<u>\$ 3,740,968</u>	<u>\$ 3,884,361</u>	<u>\$ 7,625,329</u>	<u>\$ 38,523,443</u>

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, 2007, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated May 30, 2008. 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.

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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 no matters that we reported to management of the City of North Tonawanda, New York, in a separate letter dated May 30, 2008.

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.

Amato, Fox & Company, P.C.

**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, 2007. 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, 2007.

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

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, 2007, and have issued our report thereon dated May 30, 2008. 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.

Mat, Fox + Company, P.C.

Tonawanda, New York
May 30, 2008

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

<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	12,449
2004 Public Facilities (GOSC)	14.219	N/A	4,566
2005 Economic Development (GOSC)	14.219	N/A	21,074
2006 Small Cities Comprehensive Grant (CDBG)	14.219	N/A	379,390
			<u>417,479</u>
Pass-through Programs:			
Lower Income-Housing Assistance Program-Cluster:			
Section 8 Rental Voucher Program	14.855	N/A	2,761,793
Section 8 Moderate Rehabilitation	14.856	N/A	-
			<u>2,761,793</u>
Section 8 Housing Voucher Program:			
Bishop Gibbons	14.871	N/A	630,643
			<u>3,809,915</u>
Total U.S. Department of Housing and Urban Development			
<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	723,470
<u>U.S. Department of Justice:</u>			
C.O.P.S. Grant	16.710	N/A	1,992
Total Expenditures of Federal Awards			<u>\$ 4,535,377</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, 2007 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, 2007

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, 2007.

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Findings and Questioned Costs December 31, 2007

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

14.855
14.871
14.219
83.534

Name of Federal Program or Cluster

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, 2007

Section I - 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, 2007 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, 2007 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, 2007

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, 2007

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