

CITY OF NORTH TONAWANDA, NEW YORK
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012

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

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City of North Tonawanda's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

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Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda's basic financial statements. The Combining and Individual Fund Statements and Schedules, and the Financial Statements of Individual Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Fund Statements and Schedules, and the Financial Statements of Individual Funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 on our consideration of the City of North Tonawanda's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of North Tonawanda's internal control over financial reporting and compliance.

Amato, Fox & Company, P.C.

Tonawanda, New York

June 20, 2013

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2012

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, 2012. 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 2012 fiscal year by \$51,990,558 (net position). Of this amount, \$5,620,478 is restricted for specific purposes (restricted net position), \$(1,438,346) is unrestricted, and \$47,808,426 is invested in capital assets, net of related debt.
- The City's total net position increased by \$6,334,938. This change is related to increases in charges for services coupled with decreases in transportation and home and community services expenditures.
- As of December 31, 2012, the City's governmental funds reported combined fund balances of \$16,555,006 an increase of \$6,437,677 in comparison with the prior year. Approximately 32.4% of the combined fund balances, \$5,361,246 is available to meet the City's current and future needs (unassigned fund balance).
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$5,361,246 or 16.9 % of total general expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

Government-wide Financial Statements are 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 Position* presents information on all City assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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, 2012

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position 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 support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges.

The government-wide financial statements can be found on pages 16-18 of this report.

Fund Financial Statements A fund is a grouping 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 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 Funds.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2012

The City adopts an annual appropriated budget for its General, Sewer, Water and Capital Funds. 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 19-26 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 27 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 28-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$51,990,558 at the close of the fiscal year. The summary of the City's net position is on the following page.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

Summary of City of North Tonawanda's Net Position

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>	Percent of Increase <u>(Decrease)</u>
Current and other assets	\$ 24,186,731	\$ 18,003,154	34.3%
Capital assets	<u>61,191,426</u>	<u>60,487,421</u>	<u>1.2%</u>
Total assets	<u>85,378,157</u>	<u>78,490,575</u>	<u>8.8%</u>
Current liabilities	7,692,079	7,975,253	-3.6%
Long-term liabilities	<u>25,695,520</u>	<u>21,897,903</u>	<u>17.3%</u>
Total liabilities	<u>33,387,599</u>	<u>29,873,156</u>	<u>11.8%</u>
Net position:			
Net investment in capital assets	47,808,426	46,582,421	2.6%
Restricted	5,620,478	3,784,963	48.5%
Unrestricted	<u>(1,438,346)</u>	<u>(1,749,965)</u>	<u>-17.8%</u>
Total net position	<u>\$ 51,990,558</u>	<u>\$ 48,617,419</u>	<u>6.9%</u>

The largest portion of the City's net position reflects its investment in capital assets of \$47,808,426 (e.g. land, buildings, improvements, infrastructure, and equipment), less 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 position represents restricted net position of \$5,620,478 which is reserved for retirement, insurance, and workers' compensation.

The remaining component of total net position is unrestricted, which represents \$(1,438,346).

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

Governmental activities. Governmental activities increased the City's net position by \$6,334,938.

The following table shows the changes in net position for governmental activities:

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

	<u>2012</u>	<u>2011</u>	<u>Percent of Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 11,672,968	\$ 9,883,276	18.1%
Operating grants and contributions	3,119,946	3,148,411	-0.9%
Capital grants and contributions	2,079,542	1,453,443	43.1%
General revenues:			
Property taxes	15,684,079	15,668,878	0.1%
Real property tax items	1,253,742	1,157,203	8.3%
Non-property tax items	8,619,907	8,707,764	-1.0%
Use of money and property	343,781	348,348	-1.3%
Sale of property and compensation for loss	774,628	426,294	81.7%
Miscellaneous	17,471	1,047,755	-98.3%
Interfund Revenue	50,000	75,000	-33.3%
State and Federal Aid	<u>4,871,354</u>	<u>5,006,912</u>	-2.7%
Total revenues	<u>48,487,418</u>	<u>46,923,284</u>	3.3%

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

	<u>2012</u>	<u>2011</u>	Percent of Increase (Decrease)
Expenses:			
General government support	\$ 5,767,494	\$ 5,291,246	9.0%
Public safety	15,658,174	16,060,901	-2.5%
Transportation	4,856,230	6,575,423	-26.1%
Economic assistance and opportunity	839,243	431,363	94.6%
Culture and recreation	3,045,698	2,777,204	9.7%
Home and community services	11,527,941	13,483,726	-14.5%
Interest and fiscal charges	<u>457,700</u>	<u>508,048</u>	<u>-9.9%</u>
Total expenses	<u>42,152,480</u>	<u>45,127,911</u>	<u>-6.6%</u>
 Change in net position	 6,334,938	 1,795,373	 252.8%
 Net position - beginning restated (Note 16)	 <u>45,655,620</u>	 <u>46,822,046</u>	 <u>-2.5%</u>
 Net position - ending	 <u>\$ 51,990,558</u>	 <u>\$ 48,617,419</u>	 <u>6.9%</u>

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, 2012

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, *unassigned 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, 2012, the City's governmental funds reported combined fund balances of \$16,555,006, an increase of \$6,437,677 in comparison with the prior year. Approximately 32.4% of the combined fund balances, \$5,361,246, constitutes *unassigned fund balance*, which is available to meet the City's current and future operational needs. The remainder of fund balance is *restricted and assigned* to indicate that it is *not* available for new spending because it has already been committed.

The General Fund is the chief operating fund of the City. At December 31, 2012, unassigned fund balance of the General Fund was \$5,361,246, while total fund balance reached \$8,292,268. As a measure of General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.9% of total fund expenditures, while total fund balance also represents 26.1% of that same amount.

Revenues for governmental functions totaled \$48,487,418 in fiscal year ended December 31, 2012, which represents an increase of 3.2% from the fiscal year ended December 31, 2011.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

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>2012 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2011 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	\$ 16,937,821	34.93%	\$ 16,826,081	\$ 111,740	0.66%
Non-property tax items	8,619,907	17.78%	8,707,764	(87,857)	-1.01%
Departmental income	10,617,759	21.90%	9,023,080	1,594,679	17.67%
Intergovernmental charges	601,244	1.24%	75,002	526,242	701.64%
Use of money and property	343,781	0.71%	348,348	(4,567)	-1.31%
Licenses and permits	262,459	0.54%	333,144	(70,685)	-21.22%
Fines and forfeitures	191,506	0.39%	204,332	(12,826)	-6.28%
Sale of property and compensation for loss	774,628	1.60%	426,294	348,334	81.71%
Miscellaneous	17,471	0.04%	1,047,758	(1,030,287)	-98.33%
Interfund Revenue	50,000	0.10%	75,000	(25,000)	-33.33%
State and Federal Aid	10,070,842	20.77%	9,856,484	214,358	2.17%
Total Revenues	<u>\$ 48,487,418</u>	<u>100.00%</u>	<u>\$ 46,923,287</u>	<u>\$ 1,564,131</u>	

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

- Departmental income increased due to water and sewer rate increases.
- Intergovernmental charges increased due to the county's share of contributions towards certain capital improvements.
- Sale of property and compensation for loss increased due to workers' compensation recoveries and greater sales of city owned properties.
- Miscellaneous income decreased due to an audit entry to adjust a prior year capital error.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

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

Expenditures by Function
Governmental Funds

	<u>December 31,</u> <u>2012 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2011 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
Expenditures:					
General governmental support	\$ 3,821,604	8.75%	\$ 4,238,935	\$ (417,331)	-9.85%
Public safety	9,520,485	21.79%	9,551,744	(31,259)	-0.33%
Transportation	3,670,838	8.40%	5,346,130	(1,675,292)	-31.34%
Economic assistance and opportunity	954,677	2.18%	963,657	(8,980)	-0.93%
Culture and recreation	2,298,975	5.26%	1,843,677	455,298	24.70%
Home and community services	9,542,083	21.84%	9,670,469	(128,386)	-1.33%
Employee benefits	11,232,307	25.70%	10,807,916	424,391	3.93%
Debt service:					
Principal	2,170,000	4.97%	2,386,000	(216,000)	-9.05%
Interest	486,774	1.11%	493,328	(6,554)	-1.33%
Total Expenditures	<u>\$ 43,697,743</u>	<u>100.00%</u>	<u>\$ 45,301,856</u>	<u>\$ (1,604,113)</u>	

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

- Transportation decreased due to a reduction of capital expenditures for street projects.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Fund Balance at December 31, 2010	\$ 5,406,469	\$ 1,101,513	\$ (641,580)	\$ 5,866,402
Revenues	33,373,941	10,808,054	2,741,292	46,923,287
Expenditures	<u>(32,063,962)</u>	<u>(10,116,663)</u>	<u>(4,072,735)</u>	<u>(46,253,360)</u>
Excess (Deficiency) of Revenues over Expenditures	1,309,979	691,391	(1,331,443)	669,927
Other Financing Sources, Net	<u>(440,000)</u>	<u>440,000</u>	<u>3,581,000</u>	<u>3,581,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources	<u>869,979</u>	<u>1,131,391</u>	<u>2,249,557</u>	<u>4,250,927</u>
Fund Balance at December 31, 2011	<u>6,276,448</u>	<u>2,232,904</u>	<u>1,607,977</u>	<u>10,117,329</u>
Revenues	33,698,854	12,146,884	2,641,682	48,487,420
Expenditures	<u>(31,703,504)</u>	<u>(9,517,320)</u>	<u>(2,476,919)</u>	<u>(43,697,743)</u>
Excess (Deficiency) of Revenues over Expenditures	1,995,350	2,629,564	164,763	4,789,677
Other Financing Sources (Uses), Net	<u>20,470</u>	<u>(130,000)</u>	<u>1,757,530</u>	<u>1,648,000</u>
Excess (Deficiency) of Revenues and other Financing Sources over Expenditures	<u>2,015,820</u>	<u>2,499,564</u>	<u>1,922,293</u>	<u>6,437,677</u>
Fund Balance at December 31, 2012	<u>\$ 8,292,268</u>	<u>\$ 4,732,468</u>	<u>\$ 3,530,270</u>	<u>\$ 16,555,006</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2012**

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the total original budget and the final amended budget for the City of North Tonawanda are shown on page 25 and 26.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2012, amounted to \$61,191,426 (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>2012</u>	<u>2011</u>	<u>Percent of Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Work in Progress	14,337,726	11,149,261	28.60%
Transportation network	8,381,391	9,434,315	-11.16%
Buildings and improvements	7,916,840	7,986,701	-0.87%
Machinery and equipment	4,057,365	4,281,361	-5.23%
Water treatment and distribution network	4,896,766	4,972,196	-1.52%
Sanitary sewer network	<u>17,200,988</u>	<u>18,263,237</u>	-5.82%
Total	<u>\$ 61,191,426</u>	<u>\$ 60,487,421</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2012

Long-term Debt

At December 31, 2012, the City had total long-term obligations of \$19,445,498 as compared to \$17,218,960 in the prior year. The amount is comprised of serial bonds of \$13,383,000, long term portion of retirement contributions of \$1,775,034, compensated absences of \$1,325,685 and workers' compensation self insurance of \$2,961,779. During the year, retirement of debt amounted to \$735,241. 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 \$80,220,788, which is significantly greater than the City's outstanding general obligation debt.

Since 2012, the City's general obligation debt has maintained an A1 rating from Moody's Investment Service.

Additional information on the City's long-term debt can be found on pages 42-44 of the Notes to the Financial Statements.

Short-term Debt

At December 31, 2012, the City had no short-term debt.

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 Position
December 31, 2012**

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 12,814,259
Receivables (Net of Allowances for Estimated Uncollectables):	
Taxes	3,892,358
Accounts	3,144,624
Loans	127,036
State and Federal	2,025,278
Due from Other Governments	1,473,124
Prepaid Expenses	710,052
Capital Assets:	
Land	4,400,350
Work in Progress	14,337,726
Other Capital Assets, Net of Depreciation	<u>42,453,350</u>
 Total Assets	 <u><u>\$ 85,378,157</u></u>

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

CITY OF NORTH TONAWANDA, NEW YORK

Statement of Net Position
December 31, 2012

LIABILITIES AND NET POSITION

	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable	\$ 1,467,442
Accrued Liabilities	564,453
FSS Escrow - PHA	24,984
Accrued Interest	60,354
Due to Other Governments	1,544,833
Deferred Revenues	4,030,013
Long-term Liabilities:	
Accrued Workers' Compensation Obligation	2,961,799
Accrued Post-Employment Benefit Obligation	6,250,000
Due within one year	2,578,616
Due in more than one year	<u>13,905,105</u>
Total Liabilities	<u>33,387,599</u>
Net Position:	
Net Investment in Capital Assets	47,808,426
Restricted	5,620,478
Unrestricted	<u>(1,438,346)</u>
Total Net Position	<u>51,990,558</u>
Total Liabilities and Net Position	<u><u>\$ 85,378,157</u></u>

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

CITY OF NORTH TONAWANDA, NEW YORK

Statement of Activities

December 31, 2012

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs:					
Governmental Activities:					
General Government Support	\$ (5,767,494)	\$ 416,761	\$ -	\$ 155,177	\$ (5,195,556)
Public Safety	(15,658,174)	204,040	29,263	22,411	(15,402,460)
Health	-	25,417	-	-	25,417
Transportation	(4,856,230)	26,906	123,171	1,228,287	(3,477,866)
Economic Assistance and Opportunity	(839,243)	352,051	21,108	569,822	103,738
Culture and Recreation	(3,045,698)	1,669,024	18,355	103,845	(1,254,474)
Home and Community Services	(11,527,941)	8,978,769	2,928,049	-	378,877
Interest and Fiscal Charges	(457,700)	-	-	-	(457,700)
Total Governmental Activities	<u>\$ (42,152,480)</u>	<u>\$ 11,672,968</u>	<u>\$ 3,119,946</u>	<u>\$ 2,079,542</u>	<u>(25,280,024)</u>
General Revenues:					
Property Taxes Levied for General Purposes					15,684,079
Real Property Tax Items					1,253,742
Non-property Tax Items					8,619,907
Use of Money and Property					343,781
Sales of Property and Compensation for Loss					774,628
Miscellaneous					17,471
Interfund Revenues					50,000
State and Federal Aid					4,871,354
Total General Revenues					<u>31,614,962</u>
Change in Net Position					6,334,938
Total Net Position at Beginning of Year, Restated (Note 16)					<u>45,655,620</u>
Total Net Position of End of Year					<u>\$ 51,990,558</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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 7,378,553	\$ 2,663,133	2,772,573	\$ 12,814,259
Receivables (Net of Allowances for Estimated Uncollectables):				
Taxes	3,892,358	-	-	3,892,358
Accounts	295,480	2,849,144	-	3,144,624
Loans	-	127,036	-	127,036
State and Federal	116,295	1,026,442	882,541	2,025,278
Due from Other Funds	689,489	1,792	149,723	841,004
Due from Other Governments	925,178	-	547,946	1,473,124
Prepaid Expenses	632,966	77,086	-	710,052
Total Assets	<u>\$ 13,930,319</u>	<u>\$ 6,744,633</u>	<u>\$ 4,352,783</u>	<u>\$ 25,027,735</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, 2012**

	<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	\$ 1,019,611	\$ 239,939	\$ 207,892	\$ 1,467,442
Accrued Liabilities	472,464	91,989	-	564,453
FSS Escrow - PHA	-	24,984	-	24,984
Due to Other Funds	125,203	101,180	614,621	841,004
Due to Other Governments	1,134,810	410,023	-	1,544,833
Deferred Revenues	2,885,963	1,144,050	-	4,030,013
Total Liabilities	<u>5,638,051</u>	<u>2,012,165</u>	<u>822,513</u>	<u>8,472,729</u>
Fund Balances:				
Restricted Fund Balance	1,981,022	109,186	3,530,270	5,620,478
Assigned Fund Balance	950,000	4,623,282	-	5,573,282
Unassigned Fund Balance	5,361,246	-	-	5,361,246
Total Fund Balances	<u>8,292,268</u>	<u>4,732,468</u>	<u>3,530,270</u>	<u>16,555,006</u>
Total Liabilities and Fund Balances	<u>\$ 13,930,319</u>	<u>\$ 6,744,633</u>	<u>\$ 4,352,783</u>	<u>\$ 25,027,735</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

**Reconciliation of Statement of Net Position
to Governmental Fund Balances
December 31, 2012**

	<u>Governmental Activities</u>
Total Governmental Fund Balances	\$ 16,555,006
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	61,191,426
Long-term liabilities, including bonds payable, NYS Employee Retirement System, Police and Fire Retirement System, and compensated absences are not due and payable in the current period and therefore not reported in the funds	(16,483,721)
Net accrued interest for bonds are not reported in the funds	(60,354)
Accrued Workers' Compensation Obligation are not reported in the funds	(2,961,799)
Accrued Post Employment Benefit Obligation are not reported in the funds	<u>(6,250,000)</u>
Net Position of Governmental Activities	<u>\$ 51,990,558</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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Real Property Taxes	\$ 15,684,079	\$ -	\$ -	\$ 15,684,079
Real Property Tax Items	1,253,740	-	-	1,253,740
Non-property Tax Items	8,619,907	-	-	8,619,907
Departmental Income	1,677,525	8,940,232	-	10,617,757
Intergovernmental Charges	53,298	-	547,946	601,244
Use of Money and Property	110,086	233,695	-	343,781
Licenses and Permits	262,459	-	-	262,459
Fines and Forfeitures	191,506	-	-	191,506
Sale of Property and Compensation for Loss	730,220	44,408	-	774,628
Miscellaneous	3,279	-	14,191	17,470
Interfund Revenue	50,000	-	-	50,000
State Aid	5,052,696	500	1,442,989	6,496,185
Federal Aid	10,059	2,928,049	636,556	3,574,664
Total Revenues	<u>33,698,854</u>	<u>12,146,884</u>	<u>2,641,682</u>	<u>48,487,420</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, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures:				
Current:				
General Government Support	\$ 3,642,677	\$ 8,002	\$ 170,925	\$ 3,821,604
Public Safety	9,243,254	-	277,231	9,520,485
Transportation	3,670,838	-	-	3,670,838
Economic Opportunity and Development	62,165	-	892,512	954,677
Culture and Recreation	1,803,590	-	495,385	2,298,975
Home and Community Services	1,523,238	7,377,979	640,866	9,542,083
Employee Benefits	9,770,058	1,462,249	-	11,232,307
Debt Service - Principal	1,651,000	519,000	-	2,170,000
Debt Service - Interest	336,684	150,090	-	486,774
Total Expenditures	<u>31,703,504</u>	<u>9,517,320</u>	<u>2,476,919</u>	<u>43,697,743</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>1,995,350</u>	 <u>2,629,564</u>	 <u>164,763</u>	 <u>4,789,677</u>
 Other Sources and (Uses):				
Proceeds of Obligations	-	-	1,648,000	1,648,000
Transfers from Other Funds	275,857	-	427,764	703,621
Transfers to Other Funds	(255,387)	(130,000)	(318,234)	(703,621)
Total Other Sources and (Uses)	<u>20,470</u>	<u>(130,000)</u>	<u>1,757,530</u>	<u>1,648,000</u>
 Net Change in Fund Balances	 2,015,820	 2,499,564	 1,922,293	 6,437,677
 Fund Balance at Beginning of Year	 <u>6,276,448</u>	 <u>2,232,904</u>	 <u>1,607,977</u>	 <u>10,117,329</u>
 Fund Balance at End of Year	 <u>\$ 8,292,268</u>	 <u>\$ 4,732,468</u>	 <u>\$ 3,530,270</u>	 <u>\$ 16,555,006</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, 2012**

	<u>Governmental Activities</u>
Amounts Reported for Governmental Activities in the Statement of of Activities are Different Because:	
Net change in fund balances - total governmental funds	\$ 6,437,677
Debt service principal recorded as an expenditure for the governmental funds but it is not recorded in the statement of activities. Debt service principal payments are reductions in liabilities.	2,170,000
Capital outlay expenditures for capital assets are recorded in governmental funds as expenditures. Such expenditures are not recorded in the statement of activities because they are recorded as capital assets.	3,468,824
Depreciation recorded on the statement of activities but not in statement for governmental funds.	(2,764,820)
The issuance of long-term debt is recorded as a revenue on the governmental funds but not on the statement of activities.	(1,648,000)
Net payment of long-term retirement payable expensed in statement for governmental funds but not in statement of activities.	206,024
Net change in compensated absences not reflected in governmental funds.	7,215
Net accrued interest for bonds not reported in funds.	29,075
Accrued post-employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post-employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post-employment benefit liability adjustment exceeds the contribution.	(1,571,057)
Change in Net Position of Governmental Activities	<u><u>\$ 6,334,938</u></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, 2012**

	Original Budget	Final Budget	Budgetary Actual	Variance Final Budget Positive (Negative)
Revenues:				
Real Property Taxes	\$ 15,681,321	\$ 15,704,089	\$ 15,684,079	\$ (20,010)
Real Property Tax Items	949,167	949,167	1,253,740	304,573
Non-property Tax Items	8,893,000	8,893,000	8,619,907	(273,093)
Departmental Income	1,555,733	1,555,733	1,677,525	121,792
Intergovernmental Charges	82,400	82,400	53,298	(29,102)
Use of Money and Property	150,900	150,900	110,086	(40,814)
Licenses and Permits	326,800	326,800	262,459	(64,341)
Fines and Forfeitures	300,000	300,000	191,506	(108,494)
Sale of Property and Compensation for Loss	610,100	610,100	730,220	120,120
Miscellaneous	22,000	22,000	3,279	(18,721)
Interfund Revenues	50,000	50,000	50,000	-
State Aid	4,976,701	4,976,701	5,052,696	75,995
Federal Aid	13,000	13,000	10,059	(2,941)
Total Revenues	<u>33,611,122</u>	<u>33,633,890</u>	<u>33,698,854</u>	<u>64,964</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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
Expenditures:				
Current:				
General Government Support	\$ 4,308,120	\$ 4,426,352	\$ 3,642,677	\$ 783,675
Public Safety	9,404,153	9,496,746	9,243,254	253,492
Transportation	3,861,553	3,629,523	3,670,838	(41,315)
Economic Opportunity and Development	71,380	68,865	62,165	6,700
Culture and Recreation	1,752,076	1,820,296	1,803,590	16,706
Home and Community Services	1,605,865	1,644,526	1,523,238	121,288
Employee Benefits	11,393,332	11,284,332	9,770,058	1,514,274
Debt Service - Principal	1,801,000	1,665,000	1,651,000	14,000
Debt Service - Interest	457,066	337,066	336,684	382
Total Expenditures	<u>34,654,545</u>	<u>34,372,706</u>	<u>31,703,504</u>	<u>2,669,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,043,423)</u>	<u>(738,816)</u>	<u>1,995,350</u>	<u>(2,734,166)</u>
Other Sources and (Uses):				
Transfers from Other Funds	-	-	275,857	(275,857)
Transfers to Other Funds	-	(256,000)	(255,387)	(613)
Total Other Sources and (Uses)	<u>-</u>	<u>(256,000)</u>	<u>20,470</u>	<u>(276,470)</u>
Net Change in Fund Balances	(1,043,423)	(994,816)	2,015,820	3,010,636
Fund Balance at January 1, 2012	<u>6,276,448</u>	<u>6,276,448</u>	<u>6,276,448</u>	<u>-</u>
Fund Balance at December 31, 2012	<u>\$ 5,233,025</u>	<u>\$ 5,281,632</u>	<u>\$ 8,292,268</u>	<u>\$ 3,010,636</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 Position
December 31, 2012**

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	\$ 3,000	\$ 135,592	\$ 265,151
Total Assets	<u>\$ 3,000</u>	<u>\$ 135,592</u>	<u>\$ 265,151</u>
Liabilities:			
Other Liabilities	\$ 3,000	\$ 135,592	\$ 265,151
Total Liabilities	<u>3,000</u>	<u>135,592</u>	<u>265,151</u>
Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 3,000</u>	<u>\$ 135,592</u>	<u>\$ 265,151</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2012

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.

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 Common 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 61.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB 61 including legal standing, fiscal dependency, and financial accountability.

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

The City of North Tonawanda Public Housing Authority, 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.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2012

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

Government-wide and Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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

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

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.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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

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

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

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.

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.

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, 2012 amounted to \$23,503,550. The 2012 tax levy of \$15,704,089, less \$2,494,888 in exclusions, represents approximately 56% of the maximum taxing power.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2012

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

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

1. In mid-July, budget documentation is submitted to department heads by the Budget Officer, requesting estimates of revenue and appropriations.
2. In mid-August, 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 September, the Mayor, City Accountant and Department Heads meet and formulate the Mayor's budget. On or before October 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 October.
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 November 15th, the budget is legally enacted through passage of a resolution. If the Common Council fails to adopt the budget by November 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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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

Budgets and Budgetary Data (Cont.)

9. 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 December 31st to consider overriding the Mayor's veto of budget items.
10. Formal budgetary integration is employed as a management control device during the year for all governmental fund types except for the Special Grant 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 Capital Projects Fund is provided by Common Council approval of bond authorizations and provisions of bond indebtedness.
11. 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.

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.

Investments - The City had no marketable securities as of December 31, 2012. Investments such as certificates of deposits are shown under the caption "cash."

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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

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 are 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.

Insurance - 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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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

Insurance (Cont.) - 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.

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.

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 ¼ 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	5 day max	5 day max	20% Unused

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.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2012

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

Vacation, Sick Leave and Compensatory Absences (Cont.) - Payment of sick leave and compensatory absences 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.

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.

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.

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 2012 fiscal year, approximately \$2,553,000 was paid on behalf of 137 retirees and recorded as an expenditure in the General Fund.

Fund Balance Classifications - The fund balance financial statements have five classifications of fund balances:

- ***Non spendable*** – Includes amounts that cannot be spent because they are not in spendable form.
- ***Restricted*** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.
- ***Committed*** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority, i.e., the Common Council.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2012

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

Fund Balance Classifications (Cont.)

- *Assigned* – Included amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund.
- *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the City.

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.

Budgetary control of the General Fund is minimally exercised at the department and account 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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 3 - Cash and Investments (Cont.)

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, 2012 consists of:

Petty Cash	\$ 25,900
Deposits:	
Checking and Savings Account	<u>13,192,102</u>
Total	<u>\$ 13,218,002</u>

Deposits - Deposits at December 31, 2012 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	\$ 7,350,590	\$ 7,352,653	Insured (FDIC), collateral held by City's Custodial Bank
Special Revenue Fund	2,705,286	2,663,133	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	<u>2,782,533</u>	<u>2,772,573</u>	Insured (FDIC), collateral held by City's Custodial Bank
Total Primary Government	<u>12,838,409</u>	<u>12,788,359</u>	
Fiduciary Fund:			
Trust and Agency Fund	<u>596,205</u>	<u>403,743</u>	
Total Fiduciary Fund	<u>596,205</u>	<u>403,743</u>	
Total	<u>\$ 13,434,614</u>	<u>\$ 13,192,102</u>	

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 4 - Receivables - State and Federal

State and federal receivables accrued by the City at December 31, 2012 include the following:

General Fund:

State Aid - Court	\$ 52,009
State Aid - Highway Maintenance	61,586
State Aid - Youth Bureau	2,700
Total General Fund	<u>116,295</u>

Special Grant Fund:

Federal Aid - HUD	<u>1,026,442</u>
Total Special Grant Fund	<u>1,026,442</u>

Capital Projects Fund:

State Aid - DEC	544,344
State Aid - DOT	197,863
State Aid - DASNY	100,000
State Aid - EFC	40,334
Total Capital Projects Fund	<u>882,541</u>

Total	<u><u>\$ 2,025,278</u></u>
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Note 5 - Due from Other Governments

Other government receivables accrued by the City at December 31, 2012 include the following:

General Fund:

Niagara County Sales Tax	\$ 925,177
Total General Fund	<u>925,177</u>

Capital Fund:

Niagara County Refuse Disposal District	200,000
Niagara County	347,946
Total Capital Fund	<u>547,946</u>

Total	<u><u>\$ 1,473,123</u></u>
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CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 6 - Capital Assets

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

<u>Type</u>	<u>Balance at January 1, 2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2012</u>
Capital Assets Not Being Depreciated:				
Land	\$ 4,400,350	\$ -	\$ -	\$ 4,400,350
Work in Progress	11,149,261	3,428,824	(240,359)	14,337,726
Total Capital Assets not being Depreciated	<u>\$ 15,549,611</u>	<u>\$ 3,428,824</u>	<u>\$ (240,359)</u>	<u>\$ 18,738,076</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	10,946,123	40,000	-	10,986,123
Machinery and Equipment	8,734,508	240,359	-	8,974,867
Transportation Network	13,451,020	-	-	13,451,020
Water Treatment and Distribution Network	8,897,001	-	-	8,897,001
Sanitary Sewer Network	42,119,179	-	-	42,119,179
Total Capital Assets Being Depreciated	<u>84,147,831</u>	<u>280,359</u>	<u>-</u>	<u>84,428,190</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,959,422	109,861	-	3,069,283
Machinery and Equipment	4,453,147	464,355	-	4,917,502
Transportation Network	4,016,685	1,052,944	-	5,069,629
Water Treatment and Distribution Network	3,924,806	75,429	-	4,000,235
Sanitary Sewer Network	23,855,960	1,062,231	-	24,918,191
Total Accumulated Depreciation	<u>39,210,020</u>	<u>2,764,820</u>	<u>-</u>	<u>41,974,840</u>
Total Assets Being Depreciated, Net	<u>\$ 44,937,811</u>	<u>\$ (2,484,461)</u>	<u>\$ -</u>	<u>\$ 42,453,350</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 60,487,422</u>	<u>\$ 944,363</u>	<u>\$ (240,359)</u>	<u>\$ 61,191,426</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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, 110 State Street, Albany, New York 12236.

Funding Policy - The plan is 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 for the first ten years of membership and employees who joined on or after January 10, 2010. Those joining after April 1, 2012 (Tier 6) are required to contribute 3.5% of their annual salary until March 31, 2013, after which the contribution percentage will be based on salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer's contributions based on the salaries paid during the ERS's fiscal year.

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>
2012	\$ 1,208,256	\$ 1,631,954
2011	1,068,937	1,469,192
2010	666,716	1,493,548

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

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

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 has no RAN's or TAN's payable.

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. The City had no BAN payable.

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

Serial Bonds at December 31, 2012 represent the total outstanding long-term bond indebtedness of the City aggregated \$13,383,000. Of this amount, \$10,610,000 was subject to the constitutional debt limit and represented approximately 18.8% of its debt limit.

New York State Retirement System represents the long term liability resulting from retirement incentive plans.

Compensated Absences represents the value of earned and unused portion of the liability for compensated absences.

Workers' Compensation represents the liability for workers' compensation claims filed with the City.

Summary Long-term Debt – The following is a summary of long-term liabilities outstanding at December 31, 2012:

Serial Bonds	\$ 13,383,000
NYS Retirement System	1,775,034
Compensated Absences	1,325,685
Workers Compensation Self Insurance	<u>2,961,799</u>
Total	<u>\$ 19,445,518</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 9 - Long-term Debt (Cont.)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>	<u>Workers' Compensation</u>
Balance at January 1, 2012	\$ 13,905,000	\$ 1,981,058	\$ 1,332,902	\$ 2,961,799
Additions	1,648,000	174,592	-	-
Deletions	<u>(2,170,000)</u>	<u>(380,616)</u>	<u>(7,215)</u>	<u>-</u>
Balance at December 31, 2012	<u>\$ 13,383,000</u>	<u>\$ 1,775,034</u>	<u>\$ 1,325,687</u>	<u>\$ 2,961,799</u>

Additions and deletions to compensated absences and workers' compensation are shown net since it is impracticable to determine these amounts separately.

Maturity Schedule-The following schedule sets forth the remaining annual maturities of long-term debt by debt type at December 31, 2012:

<u>Year</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Total</u>
2013	2,198,000	443,339	2,641,339
2014	2,020,000	375,087	2,395,087
2015	1,595,000	314,515	1,909,515
2016	1,415,000	265,401	1,485,726
2017	1,330,000	220,114	1,485,726
2018-2022	4,300,000	502,163	1,485,726
2023-2026	<u>525,000</u>	<u>47,500</u>	<u>1,485,726</u>
Total	<u>\$ 13,383,000</u>	<u>\$ 2,168,119</u>	<u>\$ 12,888,845</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2012

Note 10 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2012 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 689,489	\$ 125,203
Capital Projects Fund	1,792	101,180
Special Grant	149,723	614,621
Total	<u><u>\$ 841,004</u></u>	<u><u>\$ 841,004</u></u>

Note 11 - Fund Balance

Assigned Fund Balances which are constrained by the City's intent to be used for specific purposes are as follows:

<u>Fund</u>	<u>Balance</u>
General Fund - Appropriated	\$ 950,000
Special Grant Fund	(149,658)
Sewer Fund	2,645,108
Water Fund	2,127,832
Total	<u><u>\$ 5,573,282</u></u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Restricted Fund Balances which have external constraints are as follows:

<u>Governmental Fund Type</u>	<u>Balance</u>
General Fund- Debt	\$ 282,353
General Fund- Insurance	400,000
General Fund- Worker's Compensation	650,000
General Fund- Encumbrances	15,703
General Fund- Retirement	632,966
Sewer Fund- Encumbrances	79,433
Water Fund- Encumbrances	29,753
Capital Fund	<u>3,530,270</u>
Total	<u>\$ 5,620,478</u>

Note 12 - 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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 13 - Other Postemployment Benefits/Implementation of GASB Statement 45

City - In addition to providing pension benefits, the City also provides health care benefits for retired employees, their dependents and certain survivors. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Prior to 2008, the City recognized the cost of providing postemployment health insurance benefits by expensing those costs when paid.

Plan Description - The City administers its Retiree Medical Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for the continuation of medical benefits to certain qualifying retirees of the City, and their spouses and can be amended by action of the City. The Plan does not carry issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy - The obligations of the Plan members, employers and other entities are established by employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, the retiree's hiring date and number of years of service to the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. For 2012, the City contributed approximately \$1,670,000 for current premiums. The costs of administering this plan are paid by the City.

Funded Status and Funding Progress - The schedule of funding progress presents multiyear (when available) trend information that is useful in determining whether the actuary's value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of May 16, 2013 the latest valuation date.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 13 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Actuarial Accrued Liability (AAL)

Actuarial accrued liability	\$ 46,660,000
Actuarial value of plan assets	-
	-
Unfunded actuarial accrued liability (UAAL)	46,660,000
Funded ratio	0%
Annual covered payroll	16,960,000
Ratio of unfunded actuarial accrued liability to covered payroll	275.00%
2012 normal cost	890,000

Funded Status and Funding Progress

The following table summarizes the amortization calculation of the UAAL as of the latest valuation date:

Net OPEB obligation at beginning of year	\$ 4,680,000
UAAL	46,660,000
Amortization period (years)	30
Amortization discount rate	4.8%
Present value factor	24.5172
2012 UAAL amortization amount	\$ 2,210,000

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 13 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2012:

Normal cost	\$	890,000
Amortization of UAAL		2,210,000
Interest		140,000
ARC		<u>3,240,000</u>
Interest on OPEB obligation		-
Adjustment to ARC		<u>-</u>
 OPEB expense	 \$	 <u><u>3,240,000</u></u>

Funded Status and Funding Progress - The following table reconciles the City's OPEB obligation at December 2012:

Net OPEB obligation at beginning of year	\$	4,680,000
2012 OPEB expense		3,240,000
2012 OPEB contributions		<u>(1,670,000)</u>
Net OPEB obligation at end of year		6,250,000
Less: estimated current portion of OPEB obligation		<u>-</u>
Estimated long-term portion of OPEB obligation	\$	<u><u>6,250,000</u></u>
Percentage of expense contributed		<u>51.90%</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 13 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Actuarial Methods and Assumptions - Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used to calculate the costs of the Plan for age, disability, vested, and surviving spouse's benefits is the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. For active participants, that AAL is determined by pro-rating the projected benefit based upon service accrued to the valuation date divided by service projected to be accrued at the first age of benefit eligibility. The normal cost is determined by dividing the projected benefit by service projected to be accrued at the first age of benefit eligibility.

Actuarial Methods and Assumptions - The measurement date for the calculation was December 31st and the discount rate utilized was 4.75%. No salary increases were assumed since benefits are not based on compensation. Health care costs for both governmental and business-type activities were assumed to increase as follows:

<u>Year</u>	<u>Medical Trend Rate</u>
2013	9.5%
2014	9.0%
2015	8.5%
2016	8.0%
2017	7.5%
2018	7.0%
2019	6.5%
2020	6.0%
2021	5.5%
2022	5.0%

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2012**

Note 14 – Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 20, 2012 (the date the financial statements were available to be issued).

Note 15 – Net Position Beginning of the Year

Net position at the beginning of the year was restated to reflect the accrued workers' compensation obligation.

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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, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
	Real Property Taxes				
A1001.	Real Property Taxes	\$ 15,704,089	\$ 15,684,079	\$ (20,010)	\$ 15,668,878
	Total Real Property Taxes	<u>15,704,089</u>	<u>15,684,079</u>	<u>(20,010)</u>	<u>15,668,878</u>
	Real Property Tax Items				
A1050.	Reserve for Uncollectable Taxes	640,000	898,676	258,676	791,778
A1081.	Other Payments in Lieu of Taxes (Shelter Tax Rent)	119,167	120,968	1,801	116,124
A1090.	Interest and Penalties on Taxes	<u>190,000</u>	<u>234,096</u>	<u>44,096</u>	<u>249,301</u>
	Total Real Property Tax Items	<u>949,167</u>	<u>1,253,740</u>	<u>304,573</u>	<u>1,157,203</u>
	Nonproperty Tax Items				
A1120.	Sales Tax (from County)	7,575,000	7,371,527	(203,473)	7,428,278
A1130.	Utilities Gross Receipts Tax	948,000	834,064	(113,936)	877,551
A1170.	Franchises	<u>370,000</u>	<u>414,316</u>	<u>44,316</u>	<u>401,935</u>
	Total Nonproperty Tax Items	<u>8,893,000</u>	<u>8,619,907</u>	<u>(273,093)</u>	<u>8,707,764</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Departmental Income					
A1230.	Treasurer's Fees	\$ 155,000	\$ 110,708	\$ (44,292)	\$ 125,008
A1231.	Treasurer's Tax Search Fees	23,000	24,252	1,252	22,097
A1235.	Advertising Expenses	2,000	2,064	64	2,130
A1255.	City Clerk's Fees	1,100	1,462	362	1,535
A1520.	Police Department Fees	5,000	2,704	(2,296)	3,667
A1540.	Fire Fees	1,000	-	(1,000)	3,200
A1550.	Public Pound Charges	700	575	(125)	870
A1560	Engineering Bids	-	50	50	400
A1603	Vital Statistics Fees	30,000	22,986	(7,014)	23,885
A1710	Public Works Services	3,000	26,906	23,906	12,107
A1980.	Public Market Fees and Charges	38,975	43,930	4,955	43,033
A1989.	Special Assessments	60,000	118,121	58,121	148,214
A1990	Economic Assisance	-	190,000	190,000	-
A2001.	Park and Recreation Charges	65,000	63,780	(1,220)	56,070
A2002.	Park Permits	10,500	12,350	1,850	11,390
A2003.	Tree Planting Program	3,300	2,320	(980)	1,490
A2004.	Boat Launch Permits	12,500	13,390	890	12,180
A2005.	Canal Festival	14,000	14,000	-	14,000
A2012.	Recreation Concessions	225,000	211,119	(13,881)	185,003
A2050.	Golf Charges	900,000	804,118	(95,882)	710,782
A2110.	Zoning Board Fees	2,500	2,100	(400)	2,650
A2130.	Refuse and Garbage	1,408	8,840	7,432	8,850
A2189	Belmont Shelter Rent	1,750	1,750	-	1,750
	Total Departmental Income	<u>1,555,733</u>	<u>1,677,525</u>	<u>121,792</u>	<u>1,390,311</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

Intergovernmental Charges					
A2209.	Lumber City Dev Corp	\$ 17,955	\$ -	\$ (17,955)	\$ -
A2210.	Tax and Assessments Services for Other Governments (N.T. School System)	5,000	5,000	-	5,000
A2220.	County Aid - Civil Service Charges	13,000	10,816	(2,184)	11,522
A2261.	County Aid - Drunk Driving Program	37,000	9,205	(27,795)	29,816
A2357.	County Aid - Nutrition	2,400	2,431	31	2,431
A2359.	County Aid - Youth Court	-	-	-	7,546
A2376.	Department of Public Works Recycling	25,000	25,846	846	18,687
	Total Intergovernmental Charges	<u>100,355</u>	<u>53,298</u>	<u>(29,102)</u>	<u>75,002</u>
Use of Money and Property					
A2401.	Interest and Earnings	20,000	20,876	876	25,514
A2402.	Interest Earned Capital	10,000	6,496	(3,504)	45,168
A2410.	Rentals on Real Property	120,000	81,759	(38,241)	80,309
A2410.	Rentals on Real Property	-	-	-	3,333
A2450.	Commissions - Telephone	900	955	55	818
	Total Use of Money and Property	<u>150,900</u>	<u>110,086</u>	<u>(40,814)</u>	<u>155,142</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2012

With Comparative Actual Amounts for the Year Ended December 31, 2011

Licenses and Permits									
A2501.	Business Licenses	\$	2,500	\$	1,641	\$	(859)	\$	2,009
A2505.	Marriage Licenses		3,000		3,658		658		3,465
A2506.	Hunting and Fishing Licenses		2,000		1,534		(466)		1,759
A2540.	Bingo Licenses		4,000		3,252		(748)		3,682
A2541.	Games of Chance Licenses		500		90		(410)		659
A2542.	Dog Licenses		16,000		15,910		(90)		19,545
A2553.	Car Dealership License		1,900		2,500		600		2,000
A2554.	Contractor Licenses		56,000		60,400		4,400		58,500
A2555.	Building Alteration Permits		140,000		132,039		(7,961)		147,850
A2565.	Plumbing Licenses		8,900		7,700		(1,200)		8,350
A2566.	Plumbing Permits		41,000		32,785		(8,215)		41,235
A2567.	Electrical Permits		50,000		-		(50,000)		42,990
A2590.	Grading Permits		1,000		950		(50)		1,100
	Total Licenses and Permits		<u>326,800</u>		<u>262,459</u>		<u>(64,341)</u>		<u>333,144</u>
Fines and Forfeitures									
A2610.	Fines and Forfeited Bail		<u>300,000</u>		<u>191,506</u>		<u>(108,494)</u>		<u>204,332</u>
	Total Fines and Foreitures		<u>300,000</u>		<u>191,506</u>		<u>(108,494)</u>		<u>204,332</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2012

With Comparative Actual Amounts for the Year Ended December 31, 2011

Sale of Property and Compensation for Loss					
A2650.	Sale of Scrap and Excess Materials	\$ 5,000	\$ 4,932	\$ (68)	\$ 13,992
A2655.	Minor Sales, Other	100	-	(100)	-
A2660.	Sale of Real Property	400,000	373,787	(26,213)	104,070
A2680.	Insurance Recoveries - Workers' Compensation	200,000	348,986	148,986	262,173
A2690.	Other Compensation for Loss	5,000	2,515	(2,485)	1,526
	Total Sale of Property and Compensation for Loss	<u>610,100</u>	<u>730,220</u>	<u>120,120</u>	<u>381,761</u>
Miscellaneous Local Sources					
A2701.	Refunds of Prior Years' Expenditures	2,000	1,999	(1)	3,133
A2770.	Other Unclassified Revenues	<u>20,000</u>	<u>1,280</u>	<u>(18,720)</u>	<u>4,494</u>
	Total Miscellaneous Local Sources	<u>22,000</u>	<u>3,279</u>	<u>(18,721)</u>	<u>7,627</u>
Interfund Revenues					
A2802.	Interfund Revenues - Grants	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>75,000</u>
	Total Interfund Revenues	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>75,000</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
State Aid - General					
A3001.	Per Capita	\$ 4,335,111	\$ 4,335,111	\$ -	\$ 4,335,111
A3005.	Mortgage Tax	290,000	287,370	(2,630)	272,746
A3089	Court System	161,000	195,021	34,021	399,055
A3097	Capital Projects	-	52,852	52,852	-
A3310.	Police	20,000	19,204	(796)	31,427
A3312.	Fire	-	-	-	3,000
A3489	Labor Training	12,990	125	(12,865)	-
A3589.	Highway Maintenance	123,000	123,171	171	123,171
A3715	Market Promotion	-	20,608	20,608	-
A3960	Disaster Assistance	-	879	879	-
	Total State Aid - General	<u>4,942,101</u>	<u>5,034,341</u>	<u>92,240</u>	<u>5,164,510</u>
State Aid - Culture and Recreation					
A3820.	Youth Projects (Recreation)	5,200	-	(5,200)	-
A3821.	Youth Projects (Youth Board)	12,200	15,655	3,455	27,003
A3822.	Youth Projects	17,200	2,700	(14,500)	-
	Total State Aid - Culture and Recreation	<u>34,600</u>	<u>18,355</u>	<u>(16,245)</u>	<u>27,003</u>
	Total State Aid	<u>4,976,701</u>	<u>5,052,696</u>	<u>75,995</u>	<u>5,191,513</u>

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CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2012

With Comparative Actual Amounts for the Year Ended December 31, 2011

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
	Federal Aid				
A4320.	Federal Aid - COPS	\$ -	\$ 1,939	\$ 1,939	\$ -
A4341.	Federal Aid - Disaster	<u>13,000</u>	<u>8,120</u>	<u>(4,880)</u>	<u>26,266</u>
	Total Federal Aid	<u>13,000</u>	<u>10,059</u>	<u>(2,941)</u>	<u>26,266</u>
TOTAL GENERAL FUND REVENUES		<u>\$ 33,651,845</u>	<u>\$ 33,698,854</u>	<u>\$ 64,964</u>	<u>\$ 33,373,943</u>
	Appropriated Fund Balance	<u>1,000,000</u>			
TOTAL REVENUE AND APPROPRIATIONS		<u>\$ 34,651,845</u>			

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**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
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With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
General Government Support						
Legislative						
A1010.	Common Council					
.1	Personal Services	\$ 40,700	\$ 40,668	\$ -	\$ 32	\$ 40,332
.4	Contractual Expenses	400	328		72	88
	Total Legislative	<u>41,100</u>	<u>40,996</u>	<u>-</u>	<u>104</u>	<u>40,420</u>
Executive						
A1210.	Mayor					
.1	Personal Services	131,000	130,916	-	84	129,405
.4	Contractual Expenses	10,216	8,887	-	1,329	9,407
	Total Executive	<u>141,216</u>	<u>139,803</u>	<u>-</u>	<u>1,413</u>	<u>138,812</u>
Finance						
A1315.	Accountant (Comptroller)					
.1	Personal Services	227,187	226,794	-	393	173,853
.4	Contractual Expenses	11,200	10,867	-	333	10,562
	Total Accountant	<u>238,387</u>	<u>237,661</u>	<u>-</u>	<u>726</u>	<u>184,415</u>
A1320.	Auditor					
.4	Contractual Expenses	<u>16,500</u>	<u>15,500</u>	<u>-</u>	<u>1,000</u>	<u>-</u>

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**CITY OF NORTH TONAWANDA, NEW YORK
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With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 150,491	\$ 149,710	\$ -	\$ 781	\$ 139,153
.4	Contractual Expenses	<u>20,200</u>	<u>15,725</u>	<u>-</u>	<u>4,475</u>	<u>14,708</u>
	Total Treasurer	<u>170,691</u>	<u>165,435</u>	<u>-</u>	<u>5,256</u>	<u>153,861</u>
A1355.	Assessment					
.1	Personal Services	194,280	193,852	-	428	225,720
.2	Equipment	-	-	-	-	-
.4	Contractual Expenses	<u>14,560</u>	<u>10,748</u>	<u>-</u>	<u>3,812</u>	<u>14,937</u>
	Total Assessment	<u>208,840</u>	<u>204,600</u>	<u>-</u>	<u>4,240</u>	<u>240,657</u>
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	<u>2,500</u>	<u>2,064</u>	<u>-</u>	<u>436</u>	<u>2,130</u>
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	<u>14,000</u>	<u>12,384</u>	<u>-</u>	<u>1,616</u>	<u>12,780</u>
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	<u>442,500</u>	<u>352,755</u>	<u>-</u>	<u>89,745</u>	<u>427,251</u>
	Total Finance	<u>1,093,418</u>	<u>990,399</u>	<u>-</u>	<u>103,019</u>	<u>1,021,094</u>

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**CITY OF NORTH TONAWANDA, NEW YORK
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**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
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With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
Staff						
A1410.	City Clerk					
.1	Personal Services	\$ 128,800	\$ 128,728	\$ -	\$ 72	\$ 153,228
.4	Contractual Expenses	22,849	17,211	-	5,638	21,827
	Total City Clerk	<u>151,649</u>	<u>145,939</u>	<u>-</u>	<u>5,710</u>	<u>175,055</u>
A1420.	Law					
.1	Personal Services	159,762	159,667	-	95	159,417
.4	Contractual Expenses	16,123	14,358	-	1,765	19,371
	Total Law	<u>175,885</u>	<u>174,025</u>	<u>-</u>	<u>1,860</u>	<u>178,788</u>
A1440.	Engineer					
.1	Personal Services	246,623	246,616	-	7	245,013
.4	Contractual Expenses	14,982	14,078	-	904	10,593
	Total Engineer	<u>261,605</u>	<u>260,694</u>	<u>-</u>	<u>911</u>	<u>255,606</u>
A1450.	Elections					
.4	Contractual Expenses	1,000	625	-	375	-
	Total Elections	<u>1,000</u>	<u>625</u>	<u>-</u>	<u>375</u>	<u>-</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>2011 Actual</u>
A1490.	Public Works Administration					
.1	Personal Services	\$ 436,529	\$ 436,491	\$ -	\$ 38	\$ 401,746
.4	Contractual Expenses	40,506	31,761	-	8,745	47,797
	Total Public Works Administration	<u>477,035</u>	<u>468,252</u>	<u>-</u>	<u>8,783</u>	<u>449,543</u>
	Total Staff	<u>1,067,174</u>	<u>1,049,535</u>	<u>-</u>	<u>17,639</u>	<u>1,058,992</u>
	Shared Services					
A1620.	Buildings					
.1	Personal Services	260,808	259,969	-	839	280,194
.2	Equipment	-	-	-	-	-
.4	Contractual Expenses	201,800	159,386	-	42,414	209,318
	Total Buildings	<u>462,608</u>	<u>419,355</u>	<u>-</u>	<u>43,253</u>	<u>489,512</u>
A1670.	Central Printing and Mailing					
.2	Equipment	10,000	6,383	-	3,617	5,721
.4	Contractual Expenses	42,162	42,010	-	152	35,325
	Total Central Printing and Mailing	<u>52,162</u>	<u>48,393</u>	<u>-</u>	<u>3,769</u>	<u>41,046</u>
	Total Shared Services	<u>514,770</u>	<u>467,748</u>	<u>-</u>	<u>47,022</u>	<u>530,558</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>2011 Actual</u>
Special Items						
A1910 .4	Unallocated Insurance	\$ 258,674	\$ 163,616	\$ -	\$ 95,058	\$ 163,418
A1920 .1	Hospitalization Waiver	65,000	49,750	-	15,250	46,631
A1930 .4	Judgments and Claims	250,000	227,480	-	22,520	425,986
A1941 .4	Leases and Rights of Way	2,500	2,057	-	443	4,220
A1950 .4	Taxes on City Property	57,500	42,887	-	14,613	25,560
A1980 .4	Provisions for Reserve for Uncollected Taxes	740,000	452,396	-	287,604	547,017
A1990 .4	Contingent Account	195,000	16,010	-	178,990	-
Total Special Items		<u>1,568,674</u>	<u>954,196</u>	<u>-</u>	<u>614,478</u>	<u>1,212,832</u>
Total General Government Support		<u>4,426,352</u>	<u>3,642,677</u>	<u>-</u>	<u>783,675</u>	<u>4,002,708</u>
Public Safety						
A3120.	Police					
.1	Personal Services	4,535,774	4,532,971	-	2,803	4,597,492
.2	Equipment	62,700	24,333	-	38,367	28,050
.4	Contractual Expenses	426,737	423,488	-	3,249	263,689
Total Police		<u>5,025,211</u>	<u>4,980,792</u>	<u>-</u>	<u>44,419</u>	<u>4,889,231</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>2011 Actual</u>
A3310.	Traffic Control					
.1	Personal Services	\$ 320,131	\$ 311,175	\$ -	\$ 8,956	317,488
.4	Contractual Expenses	103,133	100,699	-	2,434	111,500
	Total Traffic Control	<u>423,264</u>	<u>411,874</u>	<u>-</u>	<u>11,390</u>	<u>428,988</u>
A3410.	Fire Department					
.1	Personal Services	3,292,675	3,143,864	-	148,811	3,334,259
.2	Equipment	26,027	19,449	12,803	(6,225)	31,129
.4	Contractual Expenses	390,080	362,171	-	27,909	366,361
	Total Fire Department	<u>3,708,782</u>	<u>3,525,484</u>	<u>12,803</u>	<u>170,495</u>	<u>3,731,749</u>
A3510.	Control of Animals					
.4	Contractual Expenses	57,550	50,157	-	7,393	50,157
A3620.	Safety Inspection					
.1	Personal Services	243,238	243,204	-	34	251,252
.4	Contractual Expenses	16,768	16,492	-	276	22,370
	Total Safety Inspection	<u>260,006</u>	<u>259,696</u>	<u>-</u>	<u>310</u>	<u>273,622</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>2011 Actual</u>
A3640.	Emergency Management					
.1	Personal Services	\$ 10,252	\$ 10,252	\$ -	\$ -	\$ 11,736
.2	Equipment	2,051	553	-	1,498	200
.4	Contractual Expenses	9,630	4,446	-	5,184	9,822
	Total Emergency Management	<u>21,933</u>	<u>15,251</u>	<u>-</u>	<u>6,682</u>	<u>21,758</u>
A3650.	Building Demolition					
.4	Contractual Expenses	30,000	-	-	30,000	16,225
	Total Public Safety	<u>9,526,746</u>	<u>9,243,254</u>	<u>12,803</u>	<u>270,689</u>	<u>9,411,730</u>
	Transportation					
A5110.	Streets Maintenance					
.1	Personal Services	2,021,858	1,960,552	-	61,306	1,986,294
.2	Equipment	11,520	840	-	10,680	10,368
.4	Contractual Expenses	895,360	770,545	-	124,815	797,740
	Total Streets Maintenance	<u>2,928,738</u>	<u>2,731,937</u>	<u>-</u>	<u>196,801</u>	<u>2,794,402</u>
A5142.	Snow and Ice Control					
.1	Personal Services	27,135	27,135	-	-	27,135
.4	Contractual Expenses	200,650	200,615	-	35	323,486
	Total Snow and Ice Control	<u>227,785</u>	<u>227,750</u>	<u>-</u>	<u>35</u>	<u>350,621</u>

See Independent Auditor's Report.

**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
A5182.	Street Lighting					
.4	Contractual Expenses	\$ 740,000	\$ 711,151	\$ -	\$ 28,849	\$ 668,645
	Total Transportation	<u>3,896,523</u>	<u>3,670,838</u>	<u>-</u>	<u>225,685</u>	<u>3,813,668</u>
	Economic Opportunity and Development					
A6520.	Public Market					
.1	Personal Services	7,900	6,696	-	1,204	9,094
.4	Contractual Expenses	<u>2,625</u>	<u>2,051</u>	<u>-</u>	<u>574</u>	<u>444</u>
	Total Public Market	<u>10,525</u>	<u>8,747</u>	<u>-</u>	<u>1,778</u>	<u>9,538</u>
A6772.	Programs for Aging					
.1	Personal Services	36,420	32,626	-	3,794	32,021
.4	Contractual Expenses	<u>22,100</u>	<u>20,792</u>	<u>-</u>	<u>1,308</u>	<u>24,953</u>
	Total Programs for Aging	<u>58,520</u>	<u>53,418</u>	<u>-</u>	<u>5,102</u>	<u>56,974</u>
	Total Economic Opportunity and Development	<u>69,045</u>	<u>62,165</u>	<u>-</u>	<u>6,880</u>	<u>66,512</u>
	Culture and Recreation					
A7010.	Council on Arts					
.4	Contractual Expenses	<u>7,000</u>	<u>4,686</u>	<u>-</u>	<u>2,314</u>	<u>8,001</u>

See Independent Auditor's Report.

**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
A7020.	Recreation Administration					
.1	Personal Services	\$ 170,404	\$ 170,330	\$ -	\$ 74	\$ 169,492
.4	Contractual Expenses	13,000	12,218	-	782	10,834
	Total Recreation Administration	<u>183,404</u>	<u>182,548</u>	<u>-</u>	<u>856</u>	<u>180,326</u>
A7110.	Parks					
.1	Personal Services	363,048	362,513	-	535	344,978
.4	Contractual Expenses	151,878	150,058	-	1,820	150,231
	Total Parks	<u>514,926</u>	<u>512,571</u>	<u>-</u>	<u>2,355</u>	<u>495,209</u>
A7140.	Playground and Recreation Centers					
.1	Personal Services	128,924	128,918	-	6	125,883
.2	Equipment	5,000	4,993	-	7	4,500
.4	Contractual Expenses	40,940	40,876	-	64	40,169
	Total Playground and Recreation Centers	<u>174,864</u>	<u>174,787</u>	<u>-</u>	<u>77</u>	<u>170,552</u>
A7180.	Swimming Pools					
.1	Personal Services	59,500	59,425	-	75	51,645
.4	Contractual Expenses	30,360	27,658	-	2,702	27,420
	Total Swimming Pools	<u>89,860</u>	<u>87,083</u>	<u>-</u>	<u>2,777</u>	<u>79,065</u>

See Independent Auditor's Report.

**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
A7250.	Golf Course					
.1	Personal Services	\$ 434,034	\$ 433,702	\$ -	\$ 332	\$ 423,234
.4	Contractual Expenses	<u>240,992</u>	<u>237,539</u>	<u>2,900</u>	<u>553</u>	<u>228,498</u>
	Total Golf Course	<u>675,026</u>	<u>671,241</u>	<u>2,900</u>	<u>885</u>	<u>651,732</u>
A7310.	Youth Activities or Agencies					
.1	Personal Services	91,856	88,979	-	2,877	82,982
.4	Contractual Expenses	<u>60,200</u>	<u>58,600</u>	<u>-</u>	<u>1,600</u>	<u>64,912</u>
	Total Youth Activities or Agencies	<u>152,056</u>	<u>147,579</u>	<u>-</u>	<u>4,477</u>	<u>147,894</u>
A7989.	Gateway Harbor					
.1	Personal Services	22,160	22,155	-	5	22,588
.4	Contractual Expenses	<u>1,000</u>	<u>940</u>	<u>-</u>	<u>60</u>	<u>994</u>
	Total Gateway Harbor	<u>23,160</u>	<u>23,095</u>	<u>-</u>	<u>65</u>	<u>23,582</u>
	Total Culture and Recreation	<u>1,820,296</u>	<u>1,803,590</u>	<u>2,900</u>	<u>13,806</u>	<u>1,756,361</u>
	Home and Community Services					
A8010.	Zoning Board of Appeals					
.1	Personal Services	5,220	5,100	-	120	5,100
.4	Contractual Expenses	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
	Total Zoning Board of Appeals	<u>5,720</u>	<u>5,100</u>	<u>-</u>	<u>620</u>	<u>5,100</u>

See Independent Auditor's Report.

**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
A8020.	Planning Commission					
.1	Personal Services	\$ 84,930	\$ 84,410	\$ -	\$ 520	\$ 92,750
.4	Contractual Expenses	55,610	55,606	-	4	21,031
	Total Planning Commission	<u>140,540</u>	<u>140,016</u>	<u>-</u>	<u>524</u>	<u>113,781</u>
A8160.	Garbage/Waste Collection					
.1	Personal Services	785,605	729,496	-	56,109	732,862
.4	Contractual Expenses	712,661	648,626	-	64,035	596,529
	Total Garbage/Waste Collection	<u>1,498,266</u>	<u>1,378,122</u>	<u>-</u>	<u>120,144</u>	<u>1,329,391</u>
A8760.	Emergency Disaster Work					
.4	Contractual Expenses	-	-	-	-	-
	Total Home and Community Services	<u>1,644,526</u>	<u>1,523,238</u>	<u>-</u>	<u>121,288</u>	<u>1,448,272</u>
	Undistributed Employee Benefits					
A9010.	State Retirement	971,332	891,611	-	79,721	757,545
A9015.	Fire and Police Retirement	1,752,000	1,591,264	-	160,736	1,469,192
A9030.	Social Security	1,235,000	1,063,856	-	171,144	1,089,147
A9040.	Workers' Compensation	1,340,000	1,294,873	-	45,127	1,125,584
A9045.	Life Insurance	50,000	20,244	-	29,756	19,646
A9050.	Unemployment Insurance	75,000	7,336	-	67,664	20,909
A9060.	Hospital and Medical Insurance	5,861,000	4,900,877	-	960,123	4,837,570
	Total Employee Benefits	<u>11,284,332</u>	<u>9,770,061</u>	<u>-</u>	<u>1,514,271</u>	<u>9,319,593</u>

See Independent Auditor's Report.

**CITY OF NORTH TONAWANDA, NEW YORK
GENERAL FUND**

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
Debt Service - Principal						
A9710.6	Principal on Serial Bonds	\$ 1,665,000	\$ 1,651,000	\$ -	\$ 14,000	\$ 1,629,000
A9736	Principal on BAN	-	-	-	-	251,000
	Total Debt Service - Principal	<u>1,665,000</u>	<u>1,651,000</u>	<u>-</u>	<u>14,000</u>	<u>1,880,000</u>
Debt Service - Interest						
A9710.7	Interest on Serial Bonds	327,066	327,064	-	2	308,274
A9737.7	Interest on Bond Anticipation Notes	-	-	-	-	22,762
A9760.7	Interest on Tax Anticipation Notes	10,000	9,620	-	380	12,734
A9770.7	Interest on Revenue Anticipation Notes	-	-	-	-	-
	Total Debt Service - Interest	<u>337,066</u>	<u>336,684</u>	<u>-</u>	<u>382</u>	<u>343,770</u>
Transfers To Other Funds						
A9901.0	Transfer to Sewer Fund	206,000	205,827	-	173	300,000
A9903.0	Transfer to Water Fund	-	-	-	-	140,000
A9950.0	Transfers Out	50,000	49,560	-	440	-
	Total Transfers to Other Funds	<u>256,000</u>	<u>255,387</u>	<u>-</u>	<u>613</u>	<u>440,000</u>
	Total Undistributed	<u>13,542,398</u>	<u>12,013,132</u>	<u>-</u>	<u>1,529,266</u>	<u>11,983,363</u>
TOTAL GENERAL FUND EXPENDITURES		<u><u>\$ 34,925,886</u></u>	<u><u>\$ 31,958,894</u></u>	<u><u>\$ 15,703</u></u>	<u><u>\$ 2,951,289</u></u>	<u><u>\$ 32,482,614</u></u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND

**Balance Sheets
December 31, 2012**

With Comparative Actual Amounts for the Year Ended December 31, 2011

	Special Grant Fund	Sewer Fund	Water Fund	Totals Memorandum Only	
				December 31, 2012	December 31, 2011
<u>ASSETS</u>					
Unrestricted Cash	\$ 369,109	\$ 1,268,312	\$ 1,025,712	\$ 2,663,133	\$ 1,430,368
Receivables:					
Water Rents	-	-	1,199,977	1,199,977	554,396
Sewer Rents	-	1,623,274	-	1,623,274	820,786
Accounts	23,314	2,579	-	25,893	152,397
Loans	127,036	-	-	127,036	8,951
State and Federal Aid	1,026,442	-	-	1,026,442	576,580
Due from Other Funds	-	1,792	-	1,792	-
Prepaid Expenses	-	47,333	29,753	77,086	77,498
Total Assets	<u>\$ 1,545,901</u>	<u>\$ 2,943,290</u>	<u>\$ 2,255,442</u>	<u>\$ 6,744,633</u>	<u>\$ 3,620,976</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 19,114	\$ 163,325	\$ 57,500	\$ 239,939	\$ 131,624
Accrued Liabilities	-	53,424	38,565	91,989	92,690
FSS Escrow - PHA	24,984	-	-	24,984	-
Due to Other Funds	97,388	2,000	1,792	101,180	20,200
Due to Other Governments	410,023	-	-	410,023	410,023
Deferred Revenue	1,144,050	-	-	1,144,050	733,535
Total Liabilities	<u>1,695,559</u>	<u>218,749</u>	<u>97,857</u>	<u>2,012,165</u>	<u>1,388,072</u>
Fund Equity:					
Fund Balance:					
Restricted	-	79,433	29,753	109,186	-
Assigned	(149,658)	2,645,108	2,127,832	4,623,282	2,232,904
Total Fund Equity	<u>(149,658)</u>	<u>2,724,541</u>	<u>2,157,585</u>	<u>4,732,468</u>	<u>2,232,904</u>
Total Liabilities and Fund Equity	<u>\$ 1,545,901</u>	<u>\$ 2,943,290</u>	<u>\$ 2,255,442</u>	<u>\$ 6,744,633</u>	<u>\$ 3,620,976</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

**Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

	Special Grant Fund	Sewer Fund	Water Fund	Totals Memorandum Only	
				December 31, 2012	December 31, 2011
Revenues:					
Departmental Income	\$ 22,552	\$ 5,109,757	\$ 3,808,636	\$ 8,940,945	\$ 7,176,248
Use of Money and Property	2	-	40,587	40,589	193,220
Sale of Property and Compensation for Loss	-	194,816	42,060	236,876	44,535
State Aid	-	125	375	500	2,030
Federal Aid	2,928,049	-	-	2,928,049	3,392,021
Total Revenues	<u>2,950,603</u>	<u>5,304,698</u>	<u>3,891,658</u>	<u>12,146,959</u>	<u>10,808,054</u>
Expenditures:					
Current:					
General Governmental Support	-	1,393	6,609	8,002	85,017
Home and Community Services	3,152,513	2,607,432	1,618,036	7,377,981	7,887,762
Employee Benefits	-	903,800	558,447	1,462,247	1,488,326
Debt Service - Principal	-	255,000	264,000	519,000	506,000
Debt Service - Interest	-	88,489	61,601	150,090	149,558
Total Expenditures	<u>3,152,513</u>	<u>3,856,114</u>	<u>2,508,693</u>	<u>9,517,320</u>	<u>10,116,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(201,910)</u>	<u>1,448,584</u>	<u>1,382,965</u>	<u>2,629,639</u>	<u>691,391</u>
Other Sources and (Uses):					
Transfer from Other Funds	-	-	-	-	440,000
Transfer to Other Funds	-	-	(130,000)	(130,000)	-
Total Other Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>440,000</u>
Net Change in Fund Balances	(201,910)	1,448,584	1,252,965	2,499,639	1,131,391
Fund Balances at Beginning of Year	<u>52,251</u>	<u>1,276,032</u>	<u>904,621</u>	<u>2,232,904</u>	<u>1,101,513</u>
Fund Balances at End of Year	<u>\$ (149,659)</u>	<u>\$ 2,724,616</u>	<u>\$ 2,157,586</u>	<u>\$ 4,732,543</u>	<u>\$ 2,232,904</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

**Statement of Detailed Revenues
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	Departmental Income		
CD8674.	HOME Rehabilitation Program	1,582	2,275
CD8675.	HOME Loan	20,970	17,544
	Total Departmental Income	<u>22,552</u>	<u>19,819</u>
	Use of Money and Property		
CD2401.	Interest and Earnings	<u>2</u>	<u>14</u>
	Federal Aid		
CD4912.	Bishop Gibbons Section 8	2,628,536	2,835,021
CD4921.	2006 CDBG Small Cities Comprehensive Grant	204,496	476,340
CD4927	HOME Program	95,017	80,660
	Total Federal Aid	<u>2,928,049</u>	<u>3,392,021</u>
TOTAL SPECIAL GRANT FUND REVENUES		<u>\$ 2,950,603</u>	<u>\$ 3,411,854</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

**Statement of Detailed Expenditures
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
	Home and Community Services		
CD8672.	Rent Assistance Program		
.4	Contractual Expenses	<u>\$ 2,841,988</u>	<u>\$ 2,835,021</u>
CD8686.	Administrative		
.4	Contractual Expenses	<u>66,349</u>	<u>75,472</u>
CD8668.	Rehabilitation Loans and Grants		
.4	Contractual Expenses	<u>244,176</u>	<u>528,045</u>
TOTAL SPECIAL GRANT FUND EXPENDITURES		<u>\$ 3,152,513</u>	<u>\$ 3,438,538</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Departmental Income					
G2120.	Sewer Rents	\$ 4,200,000	\$ 4,958,793	\$ 758,793	\$ 4,099,860
G2122.	Sewer Service Charges	5,200	830	(4,370)	6,172
G2128.	Interest and Penalties - Sewer Rents	160,000	149,421	(10,579)	154,763
	Total Departmental Income	<u>4,365,200</u>	<u>5,109,044</u>	<u>743,844</u>	<u>4,260,795</u>
Use of Money and Property					
G2401.	Interest and Earnings	1,000	713	(287)	809
G2410.	Rental Property - Tower	160,000	192,393	32,393	155,924
	Total Use of Money and Property	<u>161,000</u>	<u>193,106</u>	<u>32,106</u>	<u>156,733</u>
Sale of Property and Compensation for Loss					
G2665	Minor Sales	1,000	96	(904)	-
G2680	INS Rec-Workers Comp	382	2,327	1,945	8,346
	Total Sale of Property and Compensation for Loss	<u>1,382</u>	<u>2,423</u>	<u>1,041</u>	<u>8,346</u>
Miscellaneous Revenues					
G2701.	Other Unclassified Revenue	-	(75)	(75)	-
	Total Miscellaneous Revenue	<u>-</u>	<u>(75)</u>	<u>(75)</u>	<u>-</u>
State Aid					
G3901.	State Aid	-	125	125	-
Interfund Transfers					
G2811.	Transfer from General Fund	-	-	-	300,000
TOTAL SEWER FUND REVENUES		<u>\$ 4,527,582</u>	<u>\$ 5,304,698</u>	<u>\$ 777,116</u>	<u>\$ 4,725,874</u>
Appropriated Fund Balance		-	-	-	-
TOTAL REVENUES AND APPROPRIATIONS		<u>\$ 4,527,582</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, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
General Government Support						
Special Items						
G1910.4	Unallocated Insurance	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -
G1920.1	Hospitalization Waiver	4,500	160	-	4,340	1,925
G1930.4	Judgments and Claims	5,000	1,233	-	3,767	4,079
G1990.4	Contingent Account	72,000	-	-	72,000	-
	Total General Government Support	<u>111,500</u>	<u>1,393</u>	<u>-</u>	<u>110,107</u>	<u>6,004</u>
G8120.	Sanitary Sewers					
.1	Personal Services	373,738	373,736	-	2	408,241
.4	Contractual Expenses	163,533	157,585	-	5,948	129,950
	Total Sanitary Sewers	<u>537,271</u>	<u>531,321</u>	<u>-</u>	<u>5,950</u>	<u>538,191</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
G8130	Sewage Treatment					
.1	Personal Services	\$ 1,206,468	\$ 1,205,809	\$ -	\$ 659	\$ 1,188,438
.2	Equipment	41,250	10,250	-	31,000	2,826
.4	Contractual Expenses	1,077,383	860,052	-	217,331	1,089,949
	Total Sewage Treatment	<u>2,325,101</u>	<u>2,076,111</u>	<u>-</u>	<u>248,990</u>	<u>2,281,213</u>
	Total Home and Community Services	<u>2,862,372</u>	<u>2,607,432</u>	<u>-</u>	<u>254,940</u>	<u>2,819,404</u>
	Undistributed					
	Employee Benefits					
G9010.8	State Retirement	295,000	187,430	-	107,570	176,185
G9030.8	Social Security	155,000	119,561	-	35,439	122,313
G9040.8	Workers' Compensation	185,000	135,118	-	49,882	133,982
G9045.8	Life Insurance	3,000	1,729	-	1,271	1,478
G9060.8	Hospital and Medical Insurance	625,000	459,962	-	165,038	449,685
	Total Employee Benefits	<u>1,263,000</u>	<u>903,800</u>	<u>-</u>	<u>359,200</u>	<u>883,643</u>
	Debt Service - Principal					
G9710.6	Principal on Serial Bonds	309,000	255,000	-	54,000	220,000
G9730.6	Principal of Bond Anticipation Notes	-	-	-	-	35,000
	Total Debt Service - Principal	<u>309,000</u>	<u>255,000</u>	<u>-</u>	<u>54,000</u>	<u>255,000</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

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

For the Year Ended December 31, 2012

With Comparative Actual Amounts for the Year Ended December 31, 2011

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
	Debt Service - Interest					
G9710.7	Interest on Serial Bonds	\$ 173,491	\$ 88,489	\$ -	\$ 85,002	\$ 92,380
G9730.7	Interest on Bond Anticipation Notes	-	-	-	-	873
	Total Debt Service - Interest	<u>173,491</u>	<u>88,489</u>	<u>-</u>	<u>85,002</u>	<u>93,253</u>
	Total Undistributed	<u>1,745,491</u>	<u>1,247,289</u>	<u>-</u>	<u>498,202</u>	<u>749,087</u>
	TOTAL SEWER FUND EXPENDITURES	<u><u>\$4,719,363</u></u>	<u><u>\$ 3,856,114</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 863,249</u></u>	<u><u>\$ 3,574,495</u></u>

See Independent Auditor's Report.

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, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
	Departmental Income				
F2140	Metered Water Sales	\$ 2,850,000	\$ 3,684,875	\$ 834,875	\$ 2,779,942
F2142	Unmetered Water Sales	1,400	1,532	132	1,541
F2144	Water Service Sales	3,200	9,144	5,944	10,048
F2148	Interest Penalties on Water Rents	109,000	113,085	4,085	104,103
	Total Departmental Income	<u>2,963,600</u>	<u>3,808,636</u>	<u>845,036</u>	<u>2,895,634</u>
	Use of Money and Property				
F2401	Interest and Earnings	1,000	327	(673)	594
F2410	Rental Property	35,000	40,260	5,260	35,880
	Total Use of Money and Property	<u>36,000</u>	<u>40,587</u>	<u>4,587</u>	<u>36,474</u>
	Sale of Property and Compensation for Loss				
F2650	Sale of Scrap	-	1,173	1,173	-
F2665	Minor Sales	1,300	610	(690)	770
F2680	Sale of Equipment	1,000	-	(1,000)	496
F2690	Other Compensation for Loss	23,000	40,277	17,277	34,923
	Total Sale of Property and Compensation for Loss	<u>25,300</u>	<u>42,060</u>	<u>16,760</u>	<u>36,189</u>
	State Aid				
F3901	NYSERDA	-	375	375	2,030
	Interfund Transfers				
F2811	Transfer In	-	-	-	140,000
	TOTAL WATER FUND REVENUES	<u>\$ 3,024,900</u>	<u>\$ 3,891,658</u>	<u>\$ 866,758</u>	<u>\$ 3,110,327</u>
	Appropriated Fund Balance	-	-	-	-
	TOTAL REVENUES AND APPROPRIATIONS	<u>\$ 3,024,900</u>			

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2011 Actual</u>
General Government Support						
Special Items						
F1910.4	Unallocated Insurance	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -
F1920.1	Hospitalization Waiver	9,000	1,925	-	7,075	1,925
F1930.4	Judgments and Claims	55,000	4,684	-	50,316	868
	Total General Government Support	<u>65,000</u>	<u>6,609</u>	<u>-</u>	<u>58,391</u>	<u>2,793</u>
Home and Community Services						
F8310	Water Administration					
.1	Personal Services	84,453	84,272	-	181	107,546
.4	Contractual Expenses	103,203	102,426	-	777	111,642
	Total Water Administration	<u>187,656</u>	<u>186,698</u>	<u>-</u>	<u>958</u>	<u>219,188</u>
F8320	Source and Supply, Power and Pumping					
.1	Personal Services	331,112	331,112	-	-	330,549
.2	Equipment	7,457	7,376	-	81	16,226
.4	Contractual Expenses	244,126	243,443	-	683	266,820
	Total Source and Supply, Power and Pumping	<u>582,695</u>	<u>581,931</u>	<u>-</u>	<u>764</u>	<u>613,595</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
F8330.	Purification					
.1	Personal Services	\$ 348,460	\$ 348,460	\$ -	\$ -	\$ 342,470
.2	Equipment	7,000	4,050	-	2,950	6,066
.4	Contractual Expenses	101,266	99,900	-	1,366	78,939
	Total Purification	<u>456,726</u>	<u>452,410</u>	<u>-</u>	<u>4,316</u>	<u>427,475</u>
F8340.	Transmission and Distribution					
.1	Personal Services	286,076	285,267	-	809	372,907
.2	Equipment	12,300	9,113	-	3,187	4,721
.4	Contractual Expenses	103,721	102,619	-	1,102	68,155
	Total Transmission and Distribution	<u>402,097</u>	<u>396,999</u>	<u>-</u>	<u>5,098</u>	<u>445,783</u>
	Total Home and Community Services	<u>1,629,174</u>	<u>1,618,038</u>	<u>-</u>	<u>11,136</u>	<u>1,706,041</u>
	Undistributed					
	Employee Benefits					
F9010.8	State Retirement	270,000	121,328	-	148,672	128,619
F9030.8	Social Security	125,000	84,590	-	40,410	84,877
F9040.8	Workers' Compensation	125,000	90,079	-	34,921	93,787
F9045.8	Life Insurance	3,000	1,300	-	1,700	1,096
F9060.8	Hospital and Medical Insurance	430,000	261,150	-	168,850	296,302
	Total Employee Benefits	<u>953,000</u>	<u>558,447</u>	<u>-</u>	<u>394,553</u>	<u>604,681</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2012
With Comparative Actual Amounts for the Year Ended December 31, 2011**

<u>Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>Actual</u>
	Debt Service - Principal					
F9710.6	Principal on Serial Bonds	\$ 314,000	\$ 264,000	\$ -	\$ 50,000	\$ 231,000
F9730.6	Principal of Bond Anticipation Notes	-	-	-	-	20,000
	Total Debt Service - Principal	<u>314,000</u>	<u>264,000</u>	<u>-</u>	<u>50,000</u>	<u>251,000</u>
	Debt Service - Interest					
F9710.7	Interest on Serial Bonds	111,097	61,601	-	49,496	55,806
F9730.7	Interest on Bond Anticipation Notes	-	-	-	-	499
	Total Debt Service - Interest	<u>111,097</u>	<u>61,601</u>	<u>-</u>	<u>49,496</u>	<u>56,305</u>
	Total Undistributed	<u>1,378,097</u>	<u>884,048</u>	<u>-</u>	<u>494,049</u>	<u>911,986</u>
	TOTAL WATER FUND EXPENDITURES	<u><u>\$3,072,271</u></u>	<u><u>\$ 2,508,695</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 563,576</u></u>	<u><u>\$ 2,620,820</u></u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

**Combining Balance Sheet by Project
For the Year Ended December 31, 2012**

<u>Project Number</u>	<u>Project Description</u>	<u>Cash</u>	<u>Due from other Governments</u>	<u>Due from State/Federal</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Accounts Payable</u>	<u>Unappropriated Fund Balance</u>	<u>Total Liabilities & Fund Balances</u>
General Improvements:									
H-Cash	Cash	\$ 59,348	\$ -	\$ -	\$ -	\$ (59,348)	\$ -	\$ -	\$ (59,348)
H-10	Entrance Roof PG Tank	424,776	-	39,546	-	-	-	(464,323)	(464,323)
H-1001	Manhattan Parking/Marina/Storm Sewer	(293,809)	297,946	-	19,188	(7,131)	(27,726)	11,534	(23,323)
H-1003	DPW Street Resurfacing/Sidewalks	69,843	-	-	-	-	-	(69,843)	(69,843)
H-1005	Waste Water Improvement	30,000	-	-	-	-	-	(30,000)	(30,000)
H-95	Sherwood San Lift Pump Station	308,997	-	-	-	-	-	(308,997)	(308,997)
H-104	Roblin Steel Remediation Site	110,626	-	-	-	-	-	(110,626)	(110,626)
H-1101	City Hall Repainting/Keller Lot	95,180	-	-	-	(180)	-	(95,000)	(95,180)
H-1102	Surveillance Cameras	8,093	-	-	-	-	-	(8,093)	(8,093)
H-1103	DPW Street Resurfacing/Equipment	197,830	-	-	-	(1,382)	(3,097)	(193,351)	(197,830)
H-1104	WWTP Piping, Valve,Pump Replacement	50,000	-	-	-	-	-	(50,000)	(50,000)
H-1105	Water Erie Ave Tank	(4,782)	-	-	-	-	-	4,782	4,782
H-1201	Northwest Storm Sewer	24,386	250,000	-	-	(3,016)	(1,956)	(269,414)	(274,386)
H-1202	VAN- Engineer, Police Vehicles	23,963	-	-	-	-	(1,356)	(22,607)	(23,963)
H-1203	Turn Out Nomex Gear, E-4 Ramp Replacement	12,429	-	-	-	-	-	(12,429)	(12,429)
H-1204	Street Resurfacing, Equipment, Sidewalks	210,396	-	-	-	-	-	(210,396)	(210,396)
H-1205	Golf Paths, Pick-Up	40,074	-	-	-	(74)	-	(40,000)	(40,074)
H-1206	Generator Replacement, Filter Controllers	155,642	-	-	-	-	(729)	(154,913)	(155,642)
H-1207	Carbon Building HV, WWTP Lab Equipment	125,066	-	-	-	-	-	(125,066)	(125,066)
H-1208	Webster Street GIGP (Green Innovation Grant Program)	(8,625)	-	40,334	-	-	(31,709)	-	(31,709)
H-1209	Fire Recruit Retention	(2,519)	-	-	-	-	-	2,519	2,519
H-201	River Road Storage Tank	(612,558)	-	544,334	68,719	-	(495)	-	(495)

See Independent Auditor's Report

CITY OF NORTH TONAWANDA, NEW YORK

**Combining Balance Sheet by Project
For the Year Ended December 31, 2012**

<u>Project Number</u>	<u>Project Description</u>	<u>Cash</u>	<u>Due from other Governments</u>	<u>Due from State/Federal</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Loans Payable</u>	<u>Unappropriated Fund Balance</u>	<u>Total Liabilities & Fund Balances</u>
H-601	Meadow Drive Ext	442,760	-	24,960	-	-	(31,200)	(436,520)	(467,720)
H-602	City Hall Alarm	62,824	-	-	-	-	-	(62,824)	(62,824)
H-701	Durkee Bridge	529,965	-	83,048	-	-	-	(613,013)	(613,013)
H-703	City Incinerator	71,780	-	-	2,000	(264,074)	-	190,294	(73,780)
H-803	Resurfacing, Clair Sanitary, Wash Bay	105,229	-	-	-	-	-	(105,229)	(105,229)
H-808	Keller Building Roof	44,892	-	-	-	-	-	(44,892)	(44,892)
H-901	Technology Upgrade	55,130	-	-	-	-	(8,995)	(46,135)	(55,130)
H-905	DPW Street Resurfacing, Equipment, Service Lift	(2,068)	-	-	-	-	-	2,068	2,068
H-906	Water System Improvements	16,869	-	-	-	-	-	(16,869)	(16,869)
H-907	Wastewater Improvements	32,530	-	-	-	-	-	(32,530)	(32,530)
H-909	Water Front/Brownfield	(80,713)	-	-	-	-	(629)	81,341	80,712
	Total General Improvements	2,303,554	547,946	732,222	89,907	(335,205)	(107,892)	(3,230,532)	(3,673,629)
Paving and Curbs:									
H-821	CHIPS Consolidated Highway Improvement Program	\$ 234,454	\$ -	\$ 50,319	\$ -	\$ (276,084)	\$ -	\$ (8,688)	\$ (284,772)
Sanitary Sewers:									
H-903	Sweeney/Kissling	139,899	-	-	-	-	-	(139,899)	(139,899)
Storm Sewer:									
H-902	Ward Road Storm	147,539	-	-	-	-	-	(147,539)	(147,539)
Development:									
BOLT	Buffalo Bolt Park	(52,874)	-	-	59,816	(3,332)	-	(3,612)	(6,944)
REM	Remington Lofts	-	-	100,000	-	-	(100,000)	-	(100,000)
	Totals	\$ 2,772,572	\$ 547,946	\$ 882,541	\$ 149,723	\$ (614,621)	\$ (207,892)	\$ (3,530,270)	\$ (4,352,783)

CITY OF NORTH TONAWANDA, NEW YORK

**Statement of Expenditures and Appropriations by Project- Capital Projects Fund
For the Year Ended December 31, 2012**

Project Number	Project Description	Original Appropriations	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Remaining Appropriation
General Improvements:							
H-10	Entrance Roof PG Tank	\$ 170,000	\$ 94,960	\$ 4,659	\$ 67,087	\$ 71,746	23,214
H-1001	Manhattan Parking/Marina/Storm Sewer	427,000	972,010	659,831	369,038	1,028,869	(56,859)
H-1003	DPW Street Resurfacing/Sidewalks	1,050,000	1,050,000	719,616	264,738	984,353	65,647
H-1005	Waste Water Improvements	70,000	70,000	40,000		40,000	30,000
H-104	Roblin Steel Remediation Site	3,176,000	3,176,000	2,577,840	-	2,577,840	598,160
H-1101	City Hall Repainting/Keller Lot	175,000	175,000	80,320	(500)	79,820	95,180
H-1102	Surveillance Cameras	141,800	141,800	133,707	5,862	139,569	2,231
H-1103	DPW Street Resurfacing/Equipment	850,000	850,000	755,779	140,613	896,391	(46,391)
H-1104	WWTP Piping, Valve, Pump Replacement	125,000	125,000	76,112	(1,112)	75,000	50,000
H-1105	Water Erie Ave Tank	400,000	530,000	998	533,784	534,782	(4,782)
H-1201	Northwest Storm Sewer	435,000	435,000	-	162,570	162,570	272,430
H-1202	VAN- Engineer, Police Vehicles	128,000	128,000	-	105,393	105,393	22,607
H-1203	Turn Out Nomex Gear, E-4 Ramp Replacement	138,000	138,000	-	125,571	125,571	12,429
H-1204	Street Resurfacing, Equipment, Sidewalks	350,000	350,000	-	139,604	139,604	210,396
H-1205	Golf Paths, Pick-Up	59,000	59,000	-	18,926	18,926	40,074
H-1206	Generator Replacement, Filter Controllers	205,000	205,000	-	50,087	50,087	154,913
H-1207	Carbon Building HV, WWTP Lab Equipment	163,000	163,000	-	37,934	37,934	125,066
H-1208	Wester Street GIGP (Green Innovation Grant Program)	574,450	574,450	-	40,334	40,334	534,116
H-1209	Fire Recruit Retention	74,069	74,069	-	24,930	24,930	49,139
H-201	River Rd Storage Tank	100,000	100,000	786,239	495	786,734	(686,734)
H-601	Meadow Drive Ext	3,700,000	3,700,000	243,256	94,406	337,662	3,362,338

CITY OF NORTH TONAWANDA, NEW YORK

**Statement of Expenditures and Appropriations by Project- Capital Projects Fund
For the Year Ended December 31, 2012**

Project Number	Project Description	Original Appropriations	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Remaining Appropriation
H-602	City Hall Alarm	172,000	172,000	177,659	21,338	198,997	(26,997)
H-701	Durkee Bridge	1,500,000	3,596,000	99,020	83,435	182,456	3,413,544
H-703	City Incinerator	453,000	453,000	202,310	24,395	226,705	226,295
H-803	Resurfacing, Clair Sanitary, Wash Bay	183,000	810,076	752,485	68,317	820,802	(10,726)
H-808	Keller Building Roof	250,000	250,000	190,208	14,900	205,108	44,892
H-901	Technology Upgrade	250,000	250,000	165,544	42,125	207,670	42,330
H-905	DPW Street Resurfacing, Equipment, Service Lift	1,190,000	1,190,000	1,007,613	184,160	1,192,068	(2,068)
H-908	Buffalo Bolt Infrastructure	1,390,000	2,780,000	1,089,202	134,280	1,223,482	1,556,518
H-909	Water Front/Brownfield	<u>252,750</u>	<u>252,750</u>	<u>212,043</u>	<u>10,628</u>	<u>222,670</u>	<u>30,080</u>
	Total General Improvements	18,152,069	22,865,115	9,974,441	2,763,338	12,738,072	10,127,043
Paving and Curbs:							
H-82-1	CHIPS Consolidated Highway Improvement Program	1,130,000	727,678	-	664,462	664,462	63,216
Sanitary Sewers:							
H-95	Sherwood Pump Station	300,000	300,000	66,003	-	66,003	233,997
H-903	Sweeny/Kissling	125,000	583,000	447,996	(4,895)	443,101	139,899
Storm Sewer:							
H-902	Ward Road Storm	200,000	200,000	36,588	(2,125)	34,463	165,537
Water Lines:							
H-906	Water System Improvements	220,000	220,000	197,838	5,293	203,131	16,869
H-907	Wastewater Improvements	605,000	605,000	512,289	2,750	515,039	89,961
Development:							
REM	Remington Lofts	<u>750,000</u>	<u>1,000,000</u>	<u>1,051,904</u>	<u>(951,904)</u>	<u>1,051,904</u>	<u>(51,904)</u>
	Totals	<u>\$ 21,482,069</u>	<u>\$ 26,500,793</u>	<u>\$ 12,287,059</u>	<u>\$ 2,476,919</u>	<u>\$ 15,716,176</u>	<u>\$ 10,784,617</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2012, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated May 31, 2012. 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 *deficiency in internal control* 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 and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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 and Other Matters

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 31, 2012.

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.

June 20, 2013

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, 2012. 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, 2012.

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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, 2012, and have issued our report thereon dated May 31, 2012. 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.

Amato, Fox & Company, P.C.

June 20, 2013

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012**

<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:			
Economic Development (GOSC)	14.219	N/A	\$ <u>204,496</u>
Pass-through Programs:			
Lower Income-Housing Assistance Program-Cluster:			
Section 8 Rental Voucher Program	14.871	N/A	<u>2,628,536</u>
HOME Program			
Home Rehabilitation Program	14.239	N/A	<u>95,017</u>
Total U.S. Department of Housing and Urban Development			<u>2,928,049</u>
<u>Department of Homeland Security:</u>			
Emergency Management	97.036	N/A	8,120
SAFER	97.083	N/A	<u>22,411</u>
<u>Department of Justice:</u>			
Community Oriented Policing Services (COPS) Grant	16.710	N/A	<u>1,939</u>
Total Expenditures of Federal Awards			\$ <u>2,960,519</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, 2012 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, 2012**

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, 2012.

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Findings and Questioned Costs
December 31, 2012**

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	__x__ no
Significant deficiencies identified that are not considered to be material weaknesses?	_____yes	__x__ none reported
Noncompliance material to financial statements noted?	_____yes	__x__ no

Federal Awards:

Internal Control Over Major Programs:

Material weaknesses identified?	_____yes	__x__ no
Significant deficiencies identified that are not considered to be material weaknesses?	_____yes	__x__ none reported
Type of Auditor's Report issued on Compliance for Major Programs:	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____yes	__x__ no

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Low Income Housing Assistance Program
14.219	Economic Development (GOSC)

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Findings and Questioned Costs
December 31, 2012**

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

Identification of Major Programs (Cont.):

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings:

As of and for the year ended December 31, 2012 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, 2012 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, 2012**

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, 2012**

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