

CITY OF NORTH TONAWANDA, NEW YORK

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

YEAR ENDED DECEMBER 31, 2010

CITY OF NORTH TONAWANDA, NEW YORK

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CITY OF NORTH TONAWANDA, NEW YORK

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

YEAR ENDED DECEMBER 31, 2010

CITY OF NORTH TONAWANDA, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Tonawanda, New York's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of December 31, 2010, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14, and budgetary comparison information on pages 24 through 25, 58 through 76, and 81 through 88, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda, New York's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of North Tonawanda, New York. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Amato, Fox & Company PC

June 20, 2011

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2010

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, 2010. 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 2010 fiscal year by \$46,822,046 (net assets). Of this amount, \$777,787 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$1,327,945 is restricted for specific purpose (restricted net assets), and \$44,716,314 is invested in capital assets, net of related debt.
- The government's total net assets decreased by \$130,418.
- As of December 31, 2010, the City's governmental funds reported combined fund balances of \$5,866,402, a decrease of \$1,745,143 in comparison with the prior year. Approximately 48.6% of the combined fund balances, \$2,852,929 is available to meet the City's current and future needs (undesignated fund balance).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$3,730,050 or 69.0% of total general fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2010

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

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

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

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

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

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2010

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

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

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

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

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

The Notes can be found on pages 27-53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$46,822,046 at the close of the fiscal year.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

Summary of City of North Tonawanda's Net Assets

	Total Governmental Activities <u>December 31, 2010</u>	Total Governmental Activities <u>December 31, 2009</u>	Percent of Increase (Decrease)
Current and other assets	\$ 15,414,801	\$ 18,585,683	-17.1%
Capital assets	59,260,935	58,854,177	0.7%
Total assets	74,675,736	77,439,860	-3.6%
Long-term liabilities	18,230,583	19,380,372	-5.9%
Other liabilities	9,623,107	11,107,024	-13.4%
Total liabilities	27,853,690	30,487,396	-8.6%
Net assets:			
Investment in capital assets, net of related debt	44,716,314	43,629,177	2.5%
Restricted	1,327,945	1,044,718	27.1%
Unrestricted	777,787	2,278,569	-65.9%
Total net assets	\$ 46,822,046	\$ 46,952,464	-0.3%

The largest portion of the City's net assets reflects its investment in capital assets of \$44,716,314 (95.5%) (e.g. land, buildings, improvements, infrastructure, and equipment), which is net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net assets (2.84%) represents restricted net assets of \$1,327,945, which is reserved for retirement, insurance, and workers' compensation.

The remaining balance of the City's net assets (1.66%) represents unrestricted net assets of \$777,787, which may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

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

Governmental activities. Governmental activities decreased the City's net assets by \$130,418.

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

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

	<u>2010</u>	<u>2009</u>	<u>Percent of Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 9,500,690	\$ 9,052,163	5.0%
Operating grants and contributions	3,280,619	3,874,059	-15.3%
Capital grants and contributions	1,290,846	801,621	61.0%
General revenues:			
Property taxes	14,951,049	13,342,859	12.1%
Real property tax items	1,318,216	913,615	44.3%
Non-property tax items	8,611,159	8,517,039	1.1%
Use of money and property	345,793	202,891	70.4%
Sale of property and compensation for loss	611,115	661,621	-7.6%
Miscellaneous	49,792	33,683	47.8%
Interfund Revenue	136,021	55,000	147.3%
State and Federal Aid	4,884,697	5,002,384	-2.4%
Total revenues	<u>44,979,997</u>	<u>42,456,935</u>	

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

	<u>2010</u>	<u>2009</u>	<u>Percent of Increase (Decrease)</u>
Expenses:			
General government support	\$ 4,523,334	\$ 5,930,480	-23.7%
Public safety	14,933,713	13,634,036	9.5%
Transportation	7,470,205	5,311,316	40.6%
Economic assistance and opportunity	1,647,088	150,217	996.5%
Culture and recreation	3,382,530	2,661,234	27.1%
Home and community services	12,606,919	10,490,433	20.2%
Interest and fiscal charges	<u>546,626</u>	<u>682,672</u>	<u>-19.9%</u>
Total expenses	<u>45,110,415</u>	<u>38,860,388</u>	<u>16.1%</u>
 Change in net assets	 (130,418)	 3,596,547	 -103.6%
 Net assets - beginning	 <u>46,952,464</u>	 <u>43,355,917</u>	 <u>8.3%</u>
 Net assets - ending	 <u>\$ 46,822,046</u>	 <u>\$ 46,952,464</u>	 <u>-0.3%</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, 2010

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At December 31, 2010, the City's governmental funds reported combined fund balances of \$5,866,402, a decrease of \$1,745,143 in comparison with the prior year. Approximately 69.4% of the combined fund balances, \$4,072,929, constitutes *unreserved fund balance*, which is available to meet the City's current and future operational and capital needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has already been committed: (1) \$400,000 reserved for future workers' compensation claims; (2) \$465,528 reserved for encumbrances; (3) \$627,945 reserved for retirement; and (4) \$300,000 reserved for insurance.

The general fund is the chief operating fund of the City. At December 31, 2010, unreserved fund balance of the general fund was \$3,730,050, while total fund balance reached \$5,406,469. As a measure of general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.0% of total fund expenditures, while total fund balance also represents 11.6% of that same amount.

Revenues for governmental functions totaled \$44,980,000 in fiscal year ended December 31, 2010, which represents an increase of 5.9% from the fiscal year ended December 31, 2009.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

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>2010 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2009 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	\$ 16,269,265	36.17%	\$ 14,256,474	\$ 2,012,791	14.12%
Non-property tax items	8,611,159	19.14%	8,517,039	94,120	1.11%
Departmental income	8,836,577	19.65%	8,494,630	341,947	4.03%
Intergovernmental charges	78,995	0.18%	78,763	232	0.29%
Use of money and property	345,793	0.77%	202,891	142,902	70.43%
Licenses and permits	344,676	0.77%	270,278	74,398	27.53%
Fines and forfeitures	240,441	0.53%	208,492	31,949	15.32%
Sale of property and compensation for loss	611,115	1.36%	661,621	(50,506)	-7.63%
Miscellaneous	49,796	0.11%	33,683	16,113	47.84%
Interfund Revenue	136,021	0.30%	55,000	81,021	147.31%
State and Federal Aid	9,456,162	21.02%	9,678,064	(221,902)	-2.29%
Total Revenues	<u>\$ 44,980,000</u>	<u>100.00%</u>	<u>\$ 42,456,935</u>	<u>\$ 2,523,065</u>	

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

- Real property taxes and tax items – the increase was due to an increase in the tax levy.

- State and Federal Aid – the \$221,902 decrease was primarily caused by a decrease in capital projects activity.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

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

	<u>Expenditures by Function</u>		<u>Governmental Funds</u>			
	<u>December 31, 2010 Amount</u>	<u>Percent of Total</u>	<u>December 31, 2009 Amount</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>	
Expenditures:						
General governmental support	\$ 4,124,760	8.83%	\$ 4,158,080	\$ (33,320)	-0.80%	
Public safety	9,445,553	20.22%	8,909,788	535,765	6.01%	
Transportation	4,942,573	10.58%	3,740,898	1,201,675	32.12%	
Economic assistance and opportunity	1,607,324	3.44%	103,450	1,503,874	1453.72%	
Culture and recreation	2,556,229	5.47%	1,854,655	701,574	37.83%	
Home and community services	10,667,954	22.83%	9,906,007	761,947	7.69%	
Employee benefits	10,260,944	21.96%	9,540,359	720,585	7.55%	
Capital outlay	-	0.00%	3,317,510	(3,317,510)	-100.00%	
Debt service:						
Principal	2,515,000	5.38%	2,458,000	57,000	2.32%	
Interest	604,804	1.29%	596,365	8,439	1.42%	
Total Expenditures	<u>\$ 46,725,141</u>	<u>100.00%</u>	<u>\$ 44,585,112</u>	<u>\$ 2,140,029</u>		

There were no expenditures by function that changed significantly over the prior year.

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

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

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

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Projects</u>	
Fund Balance at December 31, 2008	\$ 4,025,374	\$ 525,195	\$ 81,153	\$ 4,631,722
Revenues	30,963,594	10,691,720	801,621	42,456,935
Expenditures	<u>(30,639,968)</u>	<u>(10,627,634)</u>	<u>(3,317,510)</u>	<u>(44,585,112)</u>
Excess (Deficiency) of Revenues over Expenditures	323,626	64,086	(2,515,889)	(2,128,177)
Other Financing Sources, Net	<u>-</u>	<u>-</u>	<u>5,108,000</u>	<u>5,108,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources	<u>(238,215)</u>	<u>38,960</u>	<u>(1,536,738)</u>	<u>(1,735,993)</u>
Fund Balance at December 31, 2009	<u>4,349,000</u>	<u>589,281</u>	<u>2,673,264</u>	<u>7,611,545</u>
Revenues	33,147,568	10,541,586	1,290,846	44,980,000
Expenditures	<u>(31,648,619)</u>	<u>(10,384,001)</u>	<u>(4,692,521)</u>	<u>(46,725,141)</u>
Excess (Deficiency) of Revenues over Expenditures	1,498,949	157,585	(3,401,675)	(1,745,141)
Other Financing Sources, Net	<u>(441,480)</u>	<u>354,647</u>	<u>86,833</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Financing Sources over Expenditures	<u>1,057,469</u>	<u>512,232</u>	<u>(3,314,842)</u>	<u>(1,745,141)</u>
Fund Balance at December 31, 2010	<u>\$ 5,406,469</u>	<u>\$ 1,101,513</u>	<u>\$ (641,578)</u>	<u>\$ 5,866,404</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Management's Discussion and Analysis
December 31, 2010**

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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2010, amounted to \$59,260,935 (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>2010</u>	<u>2009</u>	<u>Percent of Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Work in Progress	7,076,524	15,884,091	-55.45%
Transportation network	10,487,279	3,410,223	207.52%
Buildings and improvements	8,096,163	6,008,405	34.75%
Machinery and equipment	4,729,692	5,196,893	-8.99%
Water treatment and distribution network	5,145,477	4,954,690	3.85%
Sanitary sewer network	<u>19,325,450</u>	<u>18,999,525</u>	1.72%
Total	<u>\$ 59,260,935</u>	<u>\$ 58,854,177</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2010

Long-term Debt

At December 31, 2010, the City had total long-term debt outstanding of \$14,544,621 as compared to \$17,394,410 in the prior year. The amount is comprised of Serial Bonds of \$12,710,000, long term portion of retirement contributions of \$539,664 and Compensated Absences of \$1,294,957. During the year, retirement of debt amounted to \$2,849,789. 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 \$75,011,198, which is significantly in excess of the City's outstanding general obligation debt.

Since 2010, 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, 2010, the City had a BAN payable of \$1,936,000.

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.

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2010

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 6,917,189
Receivables (Net of Allowances for Estimated Uncollectables):	
Taxes	4,333,022
Accounts	1,721,583
Loans	11,226
State and Federal	679,077
Due from Other Governments	1,124,759
Prepaid Expenses	627,945
Capital Assets:	
Land	4,400,350
Work in Progress	7,076,524
Other Capital Assets, Net of Depreciation	<u>47,784,061</u>
Total Assets	<u>\$ 74,675,736</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2010

LIABILITIES AND NET ASSETS

	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable	\$ 1,025,441
Accrued Liabilities	675,004
FSS Escrow - PHA	34,277
Accrued Interest	74,708
Due to Other Governments	1,614,417
Deferred Revenues	4,263,260
BAN Payable	1,936,000
Long-term Liabilities:	
Accrued Post-Employment Benefit Obligation	3,685,962
Due within One Year	2,080,000
Due in more than One Year	12,464,621
Total Liabilities	<u>27,853,690</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	44,716,314
Restricted for:	
Retirement	627,945
Insurance	300,000
Workers' Compensation	400,000
Unrestricted	<u>777,787</u>
Total Net Assets	<u>46,822,046</u>
Total Liabilities and Net Assets	<u>\$ 74,675,736</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<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	\$ (4,523,334)	\$ 531,267	\$ 31,295	\$ 803,060	\$ (3,157,712)
Public Safety	(14,933,713)	275,101	48,396	58,709	(14,551,507)
Health	-	26,403	-	-	26,403
Transportation	(7,470,205)	2,850	123,171	-	(7,344,184)
Economic Assistance and Opportunity	(1,647,088)	261,397	-	-	(1,385,691)
Culture and Recreation	(3,382,530)	1,133,177	35,305	-	(2,214,048)
Home and Community Services	(12,606,919)	7,270,495	3,042,452	429,077	(1,864,895)
Interest and Fiscal Charges	(546,626)	-	-	-	(546,626)
Total Governmental Activities	<u>\$ (45,110,415)</u>	<u>\$ 9,500,690</u>	<u>\$ 3,280,619</u>	<u>\$ 1,290,846</u>	<u>(31,038,260)</u>
General Revenues:					
Property Taxes Levied for General Purposes					14,951,049
Real Property Tax Items					1,318,216
Non-property Tax Items					8,611,159
Use of Money and Property					345,793
Sales of Property and Compensation for Loss					611,115
Miscellaneous					49,792
Interfund Revenues					136,021
State and Federal Aid					4,884,697
Total General Revenues					<u>30,907,842</u>
Change in Net Assets					(130,418)
Total Net Assets at Beginning of Year					<u>46,952,464</u>
Total Net Assets of End of Year					<u>\$ 46,822,046</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, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash	\$ 3,916,794	\$ 809,535	\$ 2,190,860	\$ 6,917,189
Receivables (Net of Allowances for Estimated Uncollectables):				
Taxes	4,333,022	-	-	4,333,022
Accounts	225,230	1,496,353	-	1,721,583
Loans	-	11,226	-	11,226
State and Federal	67,615	611,462	-	679,077
Due from Other Funds	810,916	125,000	-	935,916
Due from Other Governments	1,124,759	-	-	1,124,759
Prepaid Expenses	<u>555,634</u>	<u>72,311</u>	-	<u>627,945</u>
Total Assets	<u>\$ 11,033,970</u>	<u>\$ 3,125,887</u>	<u>\$ 2,190,860</u>	<u>\$ 16,350,717</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, 2010**

	<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	\$ 194,271	\$ 165,646	\$ 665,524	\$ 1,025,441
Accrued Liabilities	574,182	100,822	-	675,004
FSS Escrow - PHA	-	34,277	-	34,277
Due to Other Funds	125,000	580,000	230,916	935,916
Due to Other Governments	1,237,125	377,292	-	1,614,417
Deferred Revenues	3,496,923	766,337	-	4,263,260
BAN Payable	-	-	1,936,000	1,936,000
Total Liabilities	<u>5,627,501</u>	<u>2,024,374</u>	<u>2,832,440</u>	<u>10,484,315</u>
Fund Balances:				
Reserved for:				
Encumbrances	420,785	44,743	-	465,528
Retirement	555,634	72,311	-	627,945
Insurance	300,000	-	-	300,000
Workers' Compensation	400,000	-	-	400,000
Unreserved:				
Designated for Subsequent Year's Expenditures	1,220,000	-	-	1,220,000
Undesignated	2,510,050	984,459	(641,580)	2,852,929
Total Fund Balances	<u>5,406,469</u>	<u>1,101,513</u>	<u>(641,580)</u>	<u>5,866,402</u>
Total Liabilities and Fund Balances	<u>\$ 11,033,970</u>	<u>\$ 3,125,887</u>	<u>\$ 2,190,860</u>	<u>\$ 16,350,717</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

**Reconciliation of Statement of Net Assets
To Governmental Fund Balances
Decembner 31, 2010**

	<u>Governmental Activities</u>
Total Governmental Fund Balances	\$ 5,866,402
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	59,260,935
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	(14,544,621)
Net accrued interest for bonds are not reported in the funds	(74,708)
Accrued Post Employment Benefit Obligation	<u>(3,685,962)</u>
Net Assets of Governmental Activities	<u>\$ 46,822,046</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, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Real Property Taxes	\$ 14,951,049	\$ -	\$ -	\$ 14,951,049
Real Property Tax Items	1,318,216	-	-	1,318,216
Non-property Tax Items	8,611,159	-	-	8,611,159
Departmental Income	1,593,353	7,082,474	-	8,675,827
Intergovernmental Charges	78,995	-	-	78,995
Use of Money and Property	167,012	178,992	-	346,004
Licenses and Permits	344,676	-	-	344,676
Fines and Forfeitures	240,441	-	-	240,441
Sale of Property and Compensation for Loss	556,850	54,265	-	611,115
Miscellaneous	26,932	22,864	-	49,796
Interfund Revenue	136,021	-	-	136,021
State Aid	5,091,569	14,000	1,232,137	6,337,706
Federal Aid	31,295	3,188,991	58,709	3,278,995
Total Revenues	<u>33,147,568</u>	<u>10,541,586</u>	<u>1,290,846</u>	<u>44,980,000</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, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures:				
Current:				
General Government Support	\$ 4,017,079	\$ 43,318	\$ 64,363	\$ 4,124,760
Public Safety	9,164,891	-	280,662	9,445,553
Transportation	4,037,434	-	905,139	4,942,573
Economic Opportunity and Development	87,896	-	1,519,428	1,607,324
Culture and Recreation	1,798,325	-	757,904	2,556,229
Home and Community Services	1,335,578	8,167,351	1,165,027	10,667,956
Employee Benefits	8,818,548	1,442,396	-	10,260,944
Debt Service - Principal	1,968,700	546,300	-	2,515,000
Debt Service - Interest	420,168	184,636	-	604,804
Total Expenditures	<u>31,648,619</u>	<u>10,384,001</u>	<u>4,692,523</u>	<u>46,725,143</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>1,498,949</u>	 <u>157,585</u>	 <u>(3,401,677)</u>	 <u>(1,745,143)</u>
 Other Sources and (Uses):				
Transfers from Other Funds	-	354,647	86,833	441,480
Transfers to Other Funds	(441,480)	-	-	(441,480)
Total Other Sources and (Uses)	<u>(441,480)</u>	<u>354,647</u>	<u>86,833</u>	<u>-</u>
 Net Change in Fund Balances	 1,057,469	 512,232	 (3,314,844)	 (1,745,143)
 Fund Balance at Beginning of Year	 <u>4,349,000</u>	 <u>589,281</u>	 <u>2,673,264</u>	 <u>7,611,545</u>
 Fund Balance at End of Year	 <u>\$ 5,406,469</u>	 <u>\$ 1,101,513</u>	 <u>\$ (641,580)</u>	 <u>\$ 5,866,402</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, 2010**

	<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	\$ (1,745,143)
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.	2,515,000
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.	3,271,876
Depreciation recorded on the statement of activities but not in statement for governmental funds.	(2,865,118)
Net payment of long-term retirement payable expensed in statement for governmental funds but not in statement of activities.	256,447
Net change in compensated absences not reflected in governmental funds.	78,342
Net accrued interest for bonds not reported in funds.	58,178
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.	<u>(1,700,000)</u>
Change in Net Assets of Governmental Activities	<u>\$ (130,418)</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, 2010**

	Original Budget	Final Budget	Budgetary Actual	Variance Final Budget Positive (Negative)
Revenues:				
Real Property Taxes	\$ 14,973,260	\$ 14,973,260	\$ 14,951,049	\$ (22,211)
Real Property Tax Items	1,150,000	1,150,000	1,318,216	168,216
Non-property Tax Items	8,820,000	8,820,000	8,611,159	(208,841)
Departmental Income	1,468,400	1,468,400	1,593,352	124,952
Intergovernmental Charges	89,400	89,400	78,995	(10,405)
Use of Money and Property	225,500	225,500	167,012	(58,488)
Licenses and Permits	278,100	278,100	344,676	66,576
Fines and Forfeitures	275,000	275,000	240,441	(34,559)
Sale of Property and Compensation for Loss	385,100	385,100	556,849	171,749
Miscellaneous	35,000	35,000	26,933	(8,067)
Interfund Revenues	135,000	135,000	136,022	1,022
State Aid	5,399,544	5,399,544	5,091,569	(307,975)
Federal Aid	12,000	12,000	31,295	19,295
Total Revenues	<u>33,246,304</u>	<u>33,246,304</u>	<u>33,147,568</u>	<u>(98,736)</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, 2010**

	<u>Original Budget</u>		<u>Final Budget</u>		<u>Budgetary Actual</u>		<u>Variance Final Budget Positive (Negative)</u>
Expenditures:							
Current:							
General Government Support	\$ 3,894,273	\$	\$ 4,082,088	\$	\$ 4,017,079	\$	\$ 65,009
Public Safety	9,325,208		9,383,633		9,164,891		218,742
Transportation	3,982,288		4,142,954		4,037,434		105,520
Economic Opportunity and Development	122,517		122,517		87,896		34,621
Culture and Recreation	1,744,765		1,828,561		1,798,325		30,236
Home and Community Services	1,531,268		1,532,650		1,335,578		197,072
Employee Benefits	10,135,000		9,364,079		8,818,545		545,534
Debt Service - Principal	2,088,700		2,088,700		1,968,700		120,000
Debt Service - Interest	621,472		621,472		420,168		201,304
Total Expenditures	<u>33,445,491</u>		<u>33,166,654</u>		<u>31,648,616</u>		<u>1,518,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(199,187)</u>		<u>79,650</u>		<u>1,498,952</u>		<u>(1,419,302)</u>
Other Sources and (Uses):							
Transfers to Other Funds	<u>-</u>		<u>354,648</u>		<u>441,480</u>		<u>(86,832)</u>
Total Other Sources and (Uses)	<u>-</u>		<u>354,648</u>		<u>441,480</u>		<u>(86,832)</u>
Net Change in Fund Balances	(199,187)		434,298		1,940,432		1,506,134
Fund Balance at January 1, 2010	<u>3,987,748</u>		<u>3,987,748</u>		<u>3,987,748</u>		<u>-</u>
Fund Balance at December 31, 2010	<u>\$ 3,788,561</u>	\$	<u>4,422,046</u>	\$	<u>5,928,180</u>	\$	<u>1,506,134</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets
December 31, 2010

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	\$ 3,000	\$ 309,001	\$ 204,406
Total Assets	<u>\$ 3,000</u>	<u>\$ 309,001</u>	<u>\$ 204,406</u>
Liabilities:			
Other Liabilities	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets	<u>3,000</u>	<u>309,001</u>	<u>204,406</u>
Total Liabilities and Net Assets	<u>\$ 3,000</u>	<u>\$ 309,001</u>	<u>\$ 204,406</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to Financial Statements December 31, 2010

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 City Council is the legislative body responsible for overall operations of the City. The Mayor serves as Chief Executive Officer and the City Treasurer as the Chief Fiscal Officer of the City.

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

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

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

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

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 Agency, which is administered on the City's behalf by Belmont Shelter Corp., provides low-income housing assistance to qualifying citizens of the City of North Tonawanda.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2010

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead of general revenues.

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

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, 2010

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, 2010**

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, 2010 amounted to \$21,749,142. The 2010 tax levy of \$14,973,260, less \$2,844,027 in exclusions, represents approximately 56% of the maximum taxing power.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2010

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2010

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

Budgets and Budgetary Data (Cont.)

9. Common Council authorization is required for amounts exceeding \$250 for transfers of budgeted amounts within departments within any fund, transfers between departments within any fund, or any revisions that alter the total appropriations of any fund.
10. If the Mayor vetoes the budget, the Council needs a 2/3 vote or 4 votes to override. The Common Council shall meet no later than October 31st to consider overriding the Mayor's veto of budget items.
11. Formal budgetary integration is employed as a management control device during the year for all governmental fund types except for the Special Grant Fund 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.

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, 2009. Investments such as certificates of deposits are shown under the caption "cash."

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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

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

Capital Assets (Cont.) - The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives.

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

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

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.

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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

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

Insurance (Cont.) - 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	> 175 days	> 175 days	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, 2010

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 2010 fiscal year, approximately \$1,493,548 was paid on behalf of 115 retirees and recorded as an expenditure in the General Fund.

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

- ***Invested in Capital Assets, Net of Related Debt*** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

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

Restrictions, Reserves and Designations (Cont.)

- ***Restricted Net Assets*** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Assets*** - This category represents net assets of the City not restricted for any project or other purpose. In the fund financial statements, reserves represent that portion of fund balance that has been legally segregated for a specific use or is not appropriable for expenditure by the City at December 31, 2010, and include:

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

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

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

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

In the fund financial statements, designations are not legally required segregations, but are segregated for a specific purpose by the City. Designations at December 31, 2010 were as follows:

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2010

Note 2 - Reporting on Budgetary Basis

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

Budget columns presented in the accompanying financial statements reflect a deficiency of revenues and other financing sources over expenditures and other financing uses. This deficiency is caused by the anticipated use of prior year's fund balance, which had been designated for 2010 expenditures through the budget process.

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, 2010**

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, 2010 consists of:

Petty Cash	\$ 32,572
Deposits:	
Checking and Savings Account	<u>7,418,762</u>
Total	<u>\$ 7,451,334</u>

Deposits - Deposits at December 31, 2010 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	\$ 3,901,004	\$ 3,900,894	Insured (FDIC), collateral held by City's Custodial Bank
Special Revenue Fund	808,374	792,923	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	<u>2,190,885</u>	<u>2,190,800</u>	Insured (FDIC), collateral held by City's Custodial Bank
	<u>6,900,263</u>	<u>6,884,617</u>	
Fiduciary Fund:			
Trust and Agency Fund	<u>518,499</u>	<u>516,407</u>	
	<u>518,499</u>	<u>516,407</u>	
Total	<u>\$ 7,418,762</u>	<u>\$ 7,401,024</u>	

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 4 - Receivables - State and Federal

State and federal receivables accrued by the City at December 31, 2010 include the following:

General Fund:

State Aid - Highway Maintenance	61,585
State Aid - Youth Bureau	<u>6,030</u>
Total General Fund	<u>67,615</u>

Special Grant Fund:

Federal Aid	<u>611,462</u>
Total	<u>\$ 679,077</u>

Note 5 - Due from Other Governments

Other government receivables accrued by the City at December 31, 2010 include the following:

General Fund:

Niagara County Sales Tax	<u>\$ 1,124,759</u>
Total	<u>\$ 1,124,759</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

<u>Type</u>	<u>Balance At January 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance At December 31, 2010</u>
Capital Assets Not Being Depreciated:				
Land	\$ 4,400,350	\$ -	\$ -	\$ 4,400,350
Work in Progress	15,884,091	-	(8,807,567)	7,076,524
Total Capital Assets not being Depreciated	<u>\$ 20,284,441</u>	<u>\$ -</u>	<u>\$ (8,807,567)</u>	<u>\$ 11,476,874</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	8,748,904	2,197,219	-	10,946,123
Machinery and Equipment	8,734,508	-	-	8,734,508
Transportation Network	5,321,020	8,130,000	-	13,451,020
Water Treatment and Distribution Network	8,532,933	364,068	-	8,897,001
Sanitary Sewer Network	40,731,023	1,388,156	-	42,119,179
Total Capital Assets Being Depreciated	<u>72,068,388</u>	<u>12,079,443</u>	<u>-</u>	<u>84,147,831</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,740,499	109,461	-	2,849,960
Machinery and Equipment	3,537,615	467,201	-	4,004,816
Transportation Network	1,910,797	1,052,944	-	2,963,741
Water Treatment and Distribution Network	3,578,243	173,281	-	3,751,524
Sanitary Sewer Network	21,731,498	1,062,231	-	22,793,729
Total Accumulated Depreciation	<u>33,498,652</u>	<u>2,865,118</u>	<u>-</u>	<u>36,363,770</u>
Total Assets Being Depreciated, Net	<u>\$ 38,569,736</u>	<u>\$ 9,214,325</u>	<u>\$ -</u>	<u>\$ 47,784,061</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 7 - Retirement Plans

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

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

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

	<u>ERS</u>	<u>PFRS</u>
2010	\$ 997,394	\$ 1,514,385
2009	\$ 763,960	\$ 1,420,069
2008	897,775	1,387,171

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, 2010**

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.

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 a BAN outstanding at year end amounting to \$1,936,000.

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

Note 9 - Long-term Debt

- a. At December 31, 2010 the total outstanding long-term bond indebtedness of the City aggregated \$12,710,000. Of this amount, \$11,490,000 was subject to the constitutional debt limit and represented approximately 15.32% of its debt limit.
- b. Compensated Absences represents the value of earned and unused portion of the liability for compensated absences.
- c. Summary Long-term Debt. The following is a summary of long-term liabilities outstanding at December 31, 2010:

Serial Bonds	\$ 12,710,000
NYS Retirement System	539,664
Compensated Absences	<u>1,294,957</u>
	<u>\$ 14,544,621</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 9 - Long-term Debt (Cont.)

d. The following is a summary of changes in long-term liabilities for the year ended December 31, 2010:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>
Balance at January 1, 2009	\$ 15,225,000	\$ 796,111	\$ 1,373,299
Additions	-	-	-
Deletions	<u>(2,515,000)</u>	<u>(256,447)</u>	<u>(78,342)</u>
Balance at December 31, 2009	<u>\$ 12,710,000</u>	<u>\$ 539,664</u>	<u>\$ 1,294,957</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 9 - Long-term Debt (Cont.)

e. Maturity Schedule

The following schedule sets forth the remaining annual maturities of long-term debt by debt type at December 31, 2010:

Year	Serial Bond Principal	Serial Bond Interest	Total
2011	\$ 2,080,000	\$ 331,447	\$ 2,411,447
2012	1,630,000	275,297	1,905,297
2013	1,535,000	231,430	1,766,430
2014	1,480,000	190,425	1,670,425
2015	1,120,000	150,212	1,270,212
2016-2020	3,665,000	376,464	4,041,464
2021-2025	1,100,000	89,250	1,189,250
2026-2030	100,000	4,250	104,250
Total	\$ 12,710,000	\$ 1,648,775	\$ 14,358,775

Note 10 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2010 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 810,916	\$ 125,000
Capital Projects Fund	-	230,916
Sewer Fund	125,000	400,000
Water Fund	-	180,000
	\$ 935,916	\$ 935,916

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 11 - Fund Balance Reservations

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

<u>Fund</u>	<u>Balance</u>
Government Fund Type:	
General Fund - Retirement	\$ 555,634
General Fund - Reserve for Insurance	300,000
General Fund - Reserve for Workers' Compensation	400,000
General Fund - Reserve for Encumbrances	420,785
Special Revenue Fund Type:	
Sewer Fund - Encumbrances	32,924
Sewer Fund - Retirement	39,896
Water Fund - Encumbrances	11,819
Water Fund - Retirement	32,415
Total	<u>\$ 1,793,473</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

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.

Note 13 - Special Grant Fund

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

<u>Program Year</u>	<u>Home Rehabilitation Program</u>		
	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
1998	\$ 285,000	\$ 285,000	\$ -
2007	402,660	324,046	78,614
	<u>\$ 687,660</u>	<u>\$ 609,046</u>	<u>\$ 78,614</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements December 31, 2010

Note 14 - 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 postretirement health insurance benefits by expensing those costs when paid.

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, prospectively. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

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 stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy - The obligations of the Plan members, employers and other entities are established by 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 2010, the City contributed approximately \$1,480,000 for current premiums. The costs of administering this plan are paid by the City.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2010

Note 14 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Funded Status and Funding Progress - The schedule of funding progress presents multi year (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 June 17, 2011 the latest valuation date.

Actuarial Accrued Liability (AAL)

Actuarial accrued liability	\$ 46,570,000
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>46,570,000</u>
Funded ratio	<u>0%</u>
Annual covered payroll	<u>17,460,000</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>266.72%</u>
2010 normal cost	<u>1,020,000</u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 14 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Funded Status and Funding Progress (Cont.)

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

UAAL	\$ 46,570,000
Amortization period (years)	30
Amortization discount rate	1.94175%
Present value factor	23.0153
2010 UAAL amortization amount	2,020,000

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 unfounded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2009:

Normal cost	\$ 1,020,000
Amortization of UAAL	2,020,000
Interest	<u>140,000</u>
ARC	3,180,000
Interest on OPEB obligation	-
Adjustment to ARC	<u>-</u>
 OPEB expense	 <u><u>\$ 3,180,000</u></u>

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 14 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Funded Status and Funding Progress (Cont.) - The following table reconciles the City's OPEB obligation at December 2010:

Net OPEB obligation at beginning of year	\$ 1,985,962
2010 OPEB expense	3,180,000
2010 OPEB contributions	<u>(1,480,000)</u>
Net OPEB obligation at end of year	3,685,962
Less: estimated current portion of OPEB obligation	<u>-</u>
Estimated long-term portion of OPEB obligation	<u>\$ 3,685,962</u>
Percentage of expense contributed	<u>46.54%</u>

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.

CITY OF NORTH TONAWANDA, NEW YORK

**Notes to the Financial Statements
December 31, 2010**

Note 14 - Other Postemployment Benefits/Implementation of GASB Statement 45 (Cont.)

Actuarial Methods and Assumptions (Cont.) - The measurement date for the calculation was December 31st and the discount rate utilized was 5%. 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>Trend Increase</u>	
<u>Year</u>	<u>Medical Trend Rate</u>
2008	10.0%
2009	9.5%
2010	9.0%
2011	8.5%
2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and thereafter	5.0%

Note 15 – Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 20, 2011 (the date the financial statements were available to be issued).

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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, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
	Real Property Taxes				
A1001.	Real Property Taxes	\$ 14,973,260	\$ 14,951,049	\$ (22,211)	\$ 13,342,859
	Real Property Tax Items				
A1050.	Unneeded Reserve for Uncollected Taxes	660,000	946,740	286,740	472,371
A1081.	Other Payments in Lieu of Taxes (Shelter Tax Rent)	300,000	179,828	(120,172)	262,992
A1090.	Interest and Penalties on Taxes	<u>190,000</u>	<u>191,648</u>	<u>1,648</u>	<u>178,252</u>
	Total Real Property Tax Items	<u>1,150,000</u>	<u>1,318,216</u>	<u>168,216</u>	<u>913,615</u>
	Nonproperty Tax Items				
A1120.	Sales Tax (from County)	7,500,000	7,366,462	(133,538)	7,100,307
A1130.	Utilities Gross Receipts Tax	1,000,000	855,586	(144,414)	896,896
A1170.	Franchises	<u>320,000</u>	<u>389,111</u>	<u>69,111</u>	<u>519,836</u>
	Total Nonproperty Tax Items	<u>8,820,000</u>	<u>8,611,159</u>	<u>(208,841)</u>	<u>8,517,039</u>

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
Departmental Income					
A1230.	Treasurer's Fees	\$ 120,000	\$ 136,565	\$ 16,565	\$ 145,289
A1231.	Treasurer's Tax Search Fees	15,000	23,465	8,465	20,463
A1235.	Reimbursement for Tax Sale	-	-	-	-
	Advertising Expenses	2,000	2,088	88	2,340
A1255.	City Clerk's Fees	1,500	791	(709)	5,018
A1520.	Police Department Fees	5,600	3,028	(2,572)	8,467
A1550.	Public Pound Charges	800	650	(150)	675
A1560	Engineering Bids	-	467	467	100
A1603	Vital Statistics Fees	30,000	23,972	(6,028)	27,397
A1710	Public Works Services	5,000	2,850	(2,150)	4,000
A1980.	Public Market Fees and Charges	38,000	38,975	975	37,660
A1989.	Special Assessments	90,000	222,421	132,421	151,145
A2001.	Park and Recreation Charges	46,000	53,548	7,548	51,898
A2002.	Park Permits	10,000	10,830	830	10,350
A2003.	Tree Planting Program	2,500	2,660	160	1,280
A2004.	Boat Launch Permits	13,000	12,105	(895)	12,505
A2005.	Canal Festival	16,000	14,000	(2,000)	14,000
A2012.	Recreation Concessions	190,000	211,629	21,629	199,378
A2050.	Golf Charges	880,000	828,405	(51,595)	718,298
A2110.	Zoning Board Fees	2,500	2,160	(340)	2,300
A2130.	Refuse and Garbage	500	993	493	1,960
A2189	Belmont Shelter Rent	-	1,750	1,750	1,750
	Total Departmental Income	<u>1,468,400</u>	<u>1,593,352</u>	<u>124,952</u>	<u>1,416,273</u>

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GENERAL FUND

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

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
Intergovernmental Charges					
A2210.	Tax and Assessments Services for Other Governments (N.T. School System)	\$ 3,000	\$ 4,537	\$ 1,537	\$ 4,466
A2220.	County Aid - Civil Service Charges	17,000	12,716	(4,284)	17,188
A2261.	County Aid - Drunk Driving Program	35,000	30,515	(4,485)	30,515
A2357.	County Aid - Nutrition	2,400	2,431	31	2,431
A2359.	County Aid - Youth Court	7,000	6,429	(571)	3,365
A2376.	Department of Public Works Recycling	25,000	22,367	(2,633)	20,798
	Total Intergovernmental Charges	<u>89,400</u>	<u>78,995</u>	<u>(10,405)</u>	<u>78,763</u>
Use of Money and Property					
A2401.	Interest and Earnings	90,000	24,971	(65,029)	15,919
A2402.	Interest Earned Capital	30,000	10,697	(19,303)	54,403
A2410.	Rentals on Real Property	105,000	130,418	25,418	78,927
A2450.	Commissions - Telephone	500	926	426	559
	Total Use of Money and Property	<u>225,500</u>	<u>167,012</u>	<u>(58,488)</u>	<u>149,808</u>

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For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
Licenses and Permits					
A2501.	Business Licenses	\$ 2,500	\$ 2,261	\$ (239)	\$ 2,355
A2502.	Occupational Licenses	750	-	(750)	-
A2505.	Marriage Licenses	3,500	3,946	446	-
A2506.	Hunting and Fishing Licenses	1,500	1,567	67	1,825
A2508.	Trailer Licenses	300	2	(298)	-
A2540.	Bingo Licenses	3,500	3,883	383	4,174
A2541.	Games of Chance Licenses	250	235	(15)	289
A2542.	Dog Licenses	15,000	14,826	(174)	19,556
A2553.	Car Dealership License	1,800	2,000	200	1,800
A2554.	Contractor Licenses	56,000	57,200	1,200	55,375
A2555.	Building Alteration Permits	91,000	152,113	61,113	140,929
A2565.	Plumbing Licenses	10,000	7,350	(2,650)	10,575
A2566.	Plumbing Permits	35,000	45,435	10,435	32,250
A2567.	Electrical Permits	56,000	52,808	(3,192)	-
A2590.	Grading Permits	1,000	1,050	50	1,150
	Total Licenses and Permits	<u>278,100</u>	<u>344,676</u>	<u>66,576</u>	<u>270,278</u>
Fines and Forfeitures					
A2610.	Fines and Forfeited Bail	<u>275,000</u>	<u>240,441</u>	<u>(34,559)</u>	<u>208,492</u>

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For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
Sale of Property and Compensation for Loss					
A2650.	Sale of Scrap and Excess Materials	\$ 20,000	\$ 33,629	\$ 13,629	\$ 4,827
A2655.	Minor Sales, Other	100	20	(80)	40
A2660.	Sale of Real Property	200,000	227,551	27,551	462,732
A2680.	Insurance Recoveries - Workers' Compensation	160,000	266,405	106,405	154,268
A2690.	Other Compensation for Loss	5,000	29,244	24,244	3,519
	Total Sale of Property and Compensation for Loss	<u>385,100</u>	<u>556,849</u>	<u>171,749</u>	<u>625,386</u>
Miscellaneous Local Sources					
A2701.	Refunds of Prior Years' Expenditures	20,000	872	(19,128)	1,205
A2770.	Other Unclassified Revenues	15,000	26,061	11,061	23,867
	Total Miscellaneous Local Sources	<u>35,000</u>	<u>26,933</u>	<u>(8,067)</u>	<u>25,072</u>
Interfund Revenues					
A2801.	Interfund Revenues - Gibbons	100,000	101,022	1,022	20,000
A2802.	Interfund Revenues - Grants	35,000	35,000	-	35,000
A2803.	Interfund Revenues - EDLF	-	-	-	-
	Total Interfund Revenues	<u>135,000</u>	<u>136,022</u>	<u>1,022</u>	<u>55,000</u>

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With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
State Aid - General					
A3001.	Per Capita	\$ 4,564,065	\$ 4,423,583	\$ (140,482)	\$ 4,622,639
A3005.	Mortgage Taxes	325,000	283,841	(41,159)	291,894
A3040.	State Aid - Tax Administration	6,742	-	(6,742)	-
A3088.	Assessor	-	-	-	-
A3089	State Aid - Court System	250,000	177,273	(72,727)	84,052
A3309.	State Aid - Archive	-	-	-	3,800
A3310.	State Aid - Police	90,000	48,396	(41,604)	114,046
A3330.	State Aid - Court Facilities	-	-	-	-
A3489	State Aid - Occupancy Safety	-	-	-	54,074
A3589.	Highway Maintenance	<u>120,000</u>	<u>123,171</u>	<u>3,171</u>	<u>123,171</u>
	Total State Aid - General	<u>5,355,807</u>	<u>5,056,264</u>	<u>(299,543)</u>	<u>5,293,676</u>
State Aid - Culture and Recreation					
A3820.	Youth Projects (Recreation)	9,377	-	(9,377)	-
A3821.	Youth Projects (Youth Board)	8,360	35,305	26,945	21,894
A3822.	Youth Projects	<u>26,000</u>	<u>-</u>	<u>(26,000)</u>	<u>25,414</u>
	Total State Aid - Culture and Recreation	<u>43,737</u>	<u>35,305</u>	<u>(8,432)</u>	<u>47,308</u>
	Total State Aid	<u>5,399,544</u>	<u>5,091,569</u>	<u>(307,975)</u>	<u>5,340,984</u>

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For the Year Ended December 31, 2010

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
	Federal Aid				
A4320.	Federal Aid - COPS	\$ -	\$ 15,922	\$ 15,922	\$ 4,901
A4341.	Federal Aid - Disaster	<u>12,000</u>	<u>15,373</u>	<u>3,373</u>	<u>15,124</u>
	Total Federal Aid	<u>12,000</u>	<u>31,295</u>	<u>19,295</u>	<u>20,025</u>
	 Proceeds from Long Term Obligations				
A5710.	Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND REVENUES		<u>33,246,304</u>	<u>\$ 33,147,568</u>	<u>\$ (98,736)</u>	<u>\$ 30,963,594</u>
Appropriated Fund Balance		275,000			
Appropriated Reserves - Encumbrances		<u>361,252</u>			
TOTAL REVENUE AND RESERVES		<u>\$ 33,882,556</u>			

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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, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
General Government Support						
Legislative						
A1010.	Common Council					
.1	Personal Services	\$ 40,500	\$ 40,500	\$ -	\$ -	\$ 40,500
.4	Contractual Expenses	450	373		77	506
	Total Legislative	<u>40,950</u>	<u>40,873</u>	<u>-</u>	<u>77</u>	<u>41,006</u>
Executive						
A1210.	Mayor					
.1	Personal Services	135,227	128,855	-	6,372	134,511
.4	Contractual Expenses	16,352	12,718	-	3,634	9,048
	Total Executive	<u>151,579</u>	<u>141,573</u>	<u>-</u>	<u>10,006</u>	<u>143,559</u>
Finance						
A1315.	Accountant (Comptroller)					
.1	Personal Services	160,004	159,608	-	396	191,421
.4	Contractual Expenses	11,239	11,239	-	-	10,730
	Total Accountant	<u>171,243</u>	<u>170,847</u>	<u>-</u>	<u>396</u>	<u>202,151</u>
A1320.	Auditor					
.4	Contractual Expenses	23,600	23,600	-	-	16,000

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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 144,525	\$ 142,518	\$ -	\$ 2,007	\$ 160,158
.4	Contractual Expenses	<u>18,550</u>	<u>13,287</u>	<u>-</u>	<u>5,263</u>	<u>14,623</u>
	Total Treasurer	<u>163,075</u>	<u>155,805</u>	<u>-</u>	<u>7,270</u>	<u>174,781</u>
A1355.	Assessment					
.1	Personal Services	227,746	227,746	-	-	219,051
.2	Equipment	12,345	11,353	-	992	-
.4	Contractual Expenses	<u>35,515</u>	<u>23,717</u>	<u>-</u>	<u>11,798</u>	<u>109,393</u>
	Total Assessment	<u>275,606</u>	<u>262,816</u>	<u>-</u>	<u>12,790</u>	<u>328,444</u>
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	<u>2,500</u>	<u>2,088</u>	<u>-</u>	<u>412</u>	<u>2,334</u>
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	<u>13,000</u>	<u>12,528</u>	<u>-</u>	<u>472</u>	<u>14,004</u>
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	<u>421,077</u>	<u>421,077</u>	<u>-</u>	<u>-</u>	<u>433,090</u>
	Total Finance	<u>1,070,101</u>	<u>1,048,761</u>	<u>-</u>	<u>21,340</u>	<u>1,170,804</u>

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For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
	Staff					
A1410.	City Clerk					
.1	Personal Services	\$ 170,963	\$ 167,978	\$ -	\$ 2,985	\$ 156,473
.4	Contractual Expenses	23,259	20,558	740	1,961	20,586
	Total City Clerk	<u>194,222</u>	<u>188,536</u>	<u>740</u>	<u>4,946</u>	<u>177,059</u>
A1420.	Law					
.1	Personal Services	158,933	158,933	-	-	153,706
.4	Contractual Expenses	26,095	21,011	6,273	(1,189)	11,121
	Total Law	<u>185,028</u>	<u>179,944</u>	<u>6,273</u>	<u>(1,189)</u>	<u>164,827</u>
A1440.	Engineer					
.1	Personal Services	244,101	240,679	-	3,422	234,187
.4	Contractual Expenses	13,439	12,439	1,000	-	13,594
	Total Engineer	<u>257,540</u>	<u>253,118</u>	<u>1,000</u>	<u>3,422</u>	<u>247,781</u>
A1450.	Elections					
.4	Contractual Expenses	2,250	695	-	1,555	1,108
	Total Elections	<u>2,250</u>	<u>695</u>	<u>-</u>	<u>1,555</u>	<u>1,108</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>2009 Actual</u>
A1490.	Public Works Administration					
.1	Personal Services	\$ 435,306	\$ 435,306	\$ -	\$ -	\$ 396,738
.4	Contractual Expenses	<u>47,225</u>	<u>45,447</u>	<u>1,348</u>	<u>430</u>	<u>46,579</u>
	Total Public Works Administration	<u>482,531</u>	<u>480,753</u>	<u>1,348</u>	<u>430</u>	<u>443,317</u>
	Total Staff	<u>1,121,571</u>	<u>1,103,046</u>	<u>9,361</u>	<u>9,164</u>	<u>1,034,092</u>
	Shared Services					
A1620.	Buildings					
.1	Personal Services	273,540	273,540	-	-	330,277
.2	Equipment	-	-	-	-	23,542
.4	Contractual Expenses	<u>221,998</u>	<u>204,729</u>	<u>-</u>	<u>17,269</u>	<u>172,564</u>
	Total Buildings	<u>495,538</u>	<u>478,269</u>	<u>-</u>	<u>17,269</u>	<u>526,383</u>
A1670.	Central Printing and Mailing					
.2	Equipment	9,777	7,464	-	2,313	15,967
.4	Contractual Expenses	<u>51,981</u>	<u>51,210</u>	<u>3,300</u>	<u>(2,529)</u>	<u>44,204</u>
	Total Central Printing and Mailing	<u>61,758</u>	<u>58,674</u>	<u>3,300</u>	<u>(216)</u>	<u>60,171</u>
	Total Shared Services	<u>557,296</u>	<u>536,943</u>	<u>3,300</u>	<u>17,053</u>	<u>586,554</u>

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With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
Special Items						
A1910 .4	Unallocated Insurance	\$ 330,541	\$ 167,832	\$ 89,112	\$ 73,597	\$ 154,408
A1920 .1	Hospitalization Waiver	65,000	46,556	-	18,444	47,925
A1930 .4	Judgments and Claims	180,904	178,691	2,213	-	85,532
A1941 .4	Leases and Rights of Way	9,000	236	-	8,764	12,772
A1950 .4	Taxes on City Property	68,609	68,609	-	-	71,193
A1980 .4	Provisions for Reserve for Uncollected Taxes	683,959	683,959	-	-	706,267
Total Special Items		<u>1,338,013</u>	<u>1,145,883</u>	<u>91,325</u>	<u>100,805</u>	<u>1,078,097</u>
Total General Government Support		<u>4,279,510</u>	<u>4,017,079</u>	<u>103,986</u>	<u>158,445</u>	<u>4,054,112</u>
Public Safety						
Police						
A3120 .1	Personal Services	4,639,450	4,639,450	-	-	4,481,698
.2	Equipment	62,830	47,060	2,153	13,617	63,016
.4	Contractual Expenses	326,565	270,175	3,567	52,823	267,553
Total Police		<u>5,028,845</u>	<u>4,956,685</u>	<u>5,720</u>	<u>66,440</u>	<u>4,812,267</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>2009 Actual</u>
A3310.	Traffic Control					
.1	Personal Services	\$ 309,780	\$ 309,780	\$ -	\$ -	\$ 308,332
.4	Contractual Expenses	<u>126,915</u>	<u>113,503</u>	<u>11,153</u>	<u>2,259</u>	<u>84,392</u>
	Total Traffic Control	<u>436,695</u>	<u>423,283</u>	<u>11,153</u>	<u>2,259</u>	<u>392,724</u>
A3410.	Fire Department					
.1	Personal Services	3,142,740	3,082,178	-	60,562	2,958,717
.2	Equipment	50,243	29,340	13,724	7,179	39,033
.4	Contractual Expenses	<u>381,676</u>	<u>320,760</u>	<u>18,365</u>	<u>42,551</u>	<u>365,281</u>
	Total Fire Department	<u>3,574,659</u>	<u>3,432,278</u>	<u>32,089</u>	<u>110,292</u>	<u>3,363,031</u>
A3510.	Control of Animals					
.4	Contractual Expenses	<u>57,750</u>	<u>48,696</u>	<u>-</u>	<u>9,054</u>	<u>48,696</u>
A3620.	Safety Inspection					
.1	Personal Services	247,952	247,952	-	-	237,976
.2	Equipment	11,300	11,093	-	207	-
.4	Contractual Expenses	<u>27,020</u>	<u>18,256</u>	<u>3,000</u>	<u>5,764</u>	<u>16,515</u>
	Total Safety Inspection	<u>286,272</u>	<u>277,301</u>	<u>3,000</u>	<u>5,971</u>	<u>254,491</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>2009 Actual</u>
A3640.	Emergency Management					
.1	Personal Services	\$ 11,700	\$ 9,674	\$ -	\$ 2,026	\$ 11,700
.2	Equipment	2,493	1,546	-	947	655
.4	Contractual Expenses	<u>12,731</u>	<u>8,028</u>	<u>4,195</u>	<u>508</u>	<u>6,104</u>
	Total Emergency Management	<u>26,924</u>	<u>19,248</u>	<u>4,195</u>	<u>3,481</u>	<u>18,459</u>
A3650.	Building Demolition					
.4	Contractual Expenses	<u>36,000</u>	<u>7,400</u>	<u>-</u>	<u>28,600</u>	<u>20,120</u>
	Total Public Safety	<u>9,447,145</u>	<u>9,164,891</u>	<u>56,157</u>	<u>226,097</u>	<u>8,909,788</u>
	Transportation					
A5110.	Streets Maintenance					
.1	Personal Services	2,200,158	2,200,158	-	-	2,179,611
.2	Equipment	11,101	10,921	180	-	11,305
.4	Contractual Expenses	<u>987,302</u>	<u>914,966</u>	<u>63,595</u>	<u>8,741</u>	<u>811,120</u>
	Total Streets Maintenance	<u>3,198,561</u>	<u>3,126,045</u>	<u>63,775</u>	<u>8,741</u>	<u>3,002,036</u>
A5142.	Snow and Ice Control					
.1	Personal Services	27,135	27,135	-	-	26,060
.4	Contractual Expenses	<u>277,248</u>	<u>209,290</u>	<u>67,957</u>	<u>1</u>	<u>142,292</u>
	Total Snow and Ice Control	<u>304,383</u>	<u>236,425</u>	<u>67,957</u>	<u>1</u>	<u>168,352</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, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
A5182.	Street Lighting					
.4	Contractual Expenses	\$ 700,000	\$ 674,964	\$ -	\$ 25,036	\$ 570,510
	Total Transportation	<u>4,202,944</u>	<u>4,037,434</u>	<u>131,732</u>	<u>33,778</u>	<u>3,740,898</u>
	Economic Opportunity and Development					
A6520.	Public Market					
.1	Personal Services	6,000	6,000	-	-	5,763
.4	Contractual Expenses	<u>1,485</u>	<u>885</u>	<u>-</u>	<u>600</u>	<u>1,950</u>
	Total Public Market	<u>7,485</u>	<u>6,885</u>	<u>-</u>	<u>600</u>	<u>7,713</u>
A6772.	Programs for Aging					
.1	Personal Services	82,652	54,057	-	28,595	73,417
.4	Contractual Expenses	<u>32,380</u>	<u>26,954</u>	<u>-</u>	<u>5,426</u>	<u>22,320</u>
	Total Programs for Aging	<u>115,032</u>	<u>81,011</u>	<u>-</u>	<u>34,021</u>	<u>95,737</u>
	Total Economic Opportunity and Development	<u>122,517</u>	<u>87,896</u>	<u>-</u>	<u>34,621</u>	<u>103,450</u>
	Culture and Recreation					
A7010.	Council on Arts					
.4	Contractual Expenses	<u>7,500</u>	<u>6,679</u>	<u>-</u>	<u>821</u>	<u>5,542</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)

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
A7020.	Recreation Administration					
.1	Personal Services	\$ 145,119	\$ 145,119	\$ -	\$ -	\$ 138,224
.4	Contractual Expenses	15,300	12,065	-	3,235	11,600
	Total Recreation Administration	<u>160,419</u>	<u>157,184</u>	<u>-</u>	<u>3,235</u>	<u>149,824</u>
A7110.	Parks					
.1	Personal Services	348,075	348,075	-	-	454,417
.4	Contractual Expenses	162,633	160,947	-	1,686	150,451
	Total Parks	<u>510,708</u>	<u>509,022</u>	<u>-</u>	<u>1,686</u>	<u>604,868</u>
A7140.	Playground and Recreation Centers					
.1	Personal Services	132,551	118,195	-	14,356	143,072
.2	Equipment	8,427	8,257	-	170	729
.4	Contractual Expenses	41,029	40,938	-	91	41,522
	Total Playground and Recreation Centers	<u>182,007</u>	<u>167,390</u>	<u>-</u>	<u>14,617</u>	<u>185,323</u>
A7180.	Swimming Pools					
.1	Personal Services	54,811	54,811	-	-	61,764
.4	Contractual Expenses	35,541	34,653	-	888	29,838
	Total Swimming Pools	<u>90,352</u>	<u>89,464</u>	<u>-</u>	<u>888</u>	<u>91,602</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)

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
A7250.	Golf Course					
.1	Personal Services	\$ 494,575	\$ 494,575	\$ -	\$ -	\$ 484,118
.4	Contractual Expenses	<u>235,150</u>	<u>228,834</u>	<u>2,980</u>	<u>3,336</u>	<u>199,606</u>
	Total Golf Course	<u>729,725</u>	<u>723,409</u>	<u>2,980</u>	<u>3,336</u>	<u>683,724</u>
A7310.	Youth Activities or Agencies					
.1	Personal Services	88,056	87,227	-	829	83,989
.4	Contractual Expenses	<u>64,000</u>	<u>57,950</u>	<u>-</u>	<u>6,050</u>	<u>49,783</u>
	Total Youth Activities or Agencies	<u>152,056</u>	<u>145,177</u>	<u>-</u>	<u>6,879</u>	<u>133,772</u>
	Total Culture and Recreation	<u>1,832,767</u>	<u>1,798,325</u>	<u>2,980</u>	<u>31,462</u>	<u>1,854,655</u>
	Home and Community Services					
A8010.	Zoning Board of Appeals					
.1	Personal Services	5,216	4,680	-	536	4,670
.4	Contractual Expenses	<u>814</u>	<u>814</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Zoning Board of Appeals	<u>6,030</u>	<u>5,494</u>	<u>-</u>	<u>536</u>	<u>4,670</u>
A8020.	Planning Commission					
.1	Personal Services	126,726	126,726	-	-	123,228
.4	Contractual Expenses	<u>3,803</u>	<u>3,803</u>	<u>-</u>	<u>-</u>	<u>5,489</u>
	Total Planning Commission	<u>130,529</u>	<u>130,529</u>	<u>-</u>	<u>-</u>	<u>128,717</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)

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
A8160.	Garbage/Waste Collection					
.1	Personal Services	\$ 758,284	\$ 652,444	\$ -	\$ 105,840	\$ 668,578
.4	Contractual Expenses	638,042	547,111	90,930	1	640,382
	Total Garbage/Waste Collection	<u>1,396,326</u>	<u>1,199,555</u>	<u>90,930</u>	<u>105,841</u>	<u>1,308,960</u>
A8760.	Emergency Disaster Work					
.4	Contractual Expenses	-	-	-	-	-
	Total Home and Community Services	<u>1,532,885</u>	<u>1,335,578</u>	<u>90,930</u>	<u>106,377</u>	<u>1,442,347</u>
	Undistributed					
	Employee Benefits					
A9010.	State Retirement	775,000	645,877	-	129,123	561,674
A9015.	Fire and Police Retirement	1,566,741	1,514,384	-	52,357	1,420,069
A9030.	Social Security	1,189,112	1,077,805	-	111,307	1,075,641
A9040.	Workers' Compensation	1,165,000	986,633	-	178,367	1,050,135
A9045.	Life Insurance	50,000	20,207	-	29,793	20,804
A9050.	Unemployment Insurance	105,000	29,125	35,000	40,875	16,655
A9060.	Hospital and Medical Insurance	4,549,114	4,544,514	-	4,600	4,037,256
	Total Employee Benefits	<u>9,399,967</u>	<u>8,818,545</u>	<u>35,000</u>	<u>546,422</u>	<u>8,182,234</u>
	Debt Service - Principal					
A9710.6	Principal on Serial Bonds	2,088,700	1,968,700	-	120,000	1,807,400
A9736	Principal on BAN	-	-	-	-	105,000
	Total Debt Service - Principal	<u>2,088,700</u>	<u>1,968,700</u>	<u>-</u>	<u>120,000</u>	<u>1,912,400</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)

For the Year Ended December 31, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
Debt Service - Interest						
A9710.7	Interest on Serial Bonds	\$ 521,472	\$ 402,066	\$ -	\$ 119,406	\$ 378,376
A9737.7	Interest on Bond Anticipation Notes			-	-	23,432
A9760.7	Interest on Tax Anticipation Notes	70,000	13,956	-	56,044	
A9770.7	Interest on Revenue Anticipation Notes	<u>30,000</u>	<u>4,146</u>	<u>-</u>	<u>25,854</u>	<u>38,276</u>
	Total Debt Service - Interest	<u>621,472</u>	<u>420,168</u>	<u>-</u>	<u>201,304</u>	<u>440,084</u>
Transfers To Other Funds						
A9901.0	Transfer to Sewer Fund	188,324	188,324	-	-	-
A9902.0	Transfer to Capital - Golf	-	86,832	-	(86,832)	-
A9903.0	Transfer to Water Fund	<u>166,324</u>	<u>166,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Transfers to Other Funds	<u>354,648</u>	<u>441,480</u>	<u>-</u>	<u>(86,832)</u>	<u>-</u>
	Total Undistributed	<u>12,464,787</u>	<u>11,648,893</u>	<u>35,000</u>	<u>780,894</u>	<u>10,534,718</u>
	TOTAL GENERAL FUND EXPENDITURES	<u>\$ 33,882,555</u>	<u>\$ 32,090,096</u>	<u>\$ 420,785</u>	<u>\$ 1,371,674</u>	<u>\$ 30,639,968</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

**Combining Balance Sheet
December 31, 2010**

	<u>Special Grant Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals Memorandum Only December 31, 2010</u>	<u>December 31, 2009</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 495,272	\$ 181,063	\$ 133,200	\$ 809,535	\$ 2,024,024
Receivables:					
Water Rents	-	-	536,348	536,348	558,952
Sewer Rents	-	815,988	-	815,988	857,768
Accounts	144,017	-	-	144,017	155,322
Loans	11,226	-	-	11,226	14,866
State and Federal Aid	611,462	-	-	611,462	78,614
Due from Other Funds	-	125,000	-	125,000	-
Prepaid Expenses	-	39,896	32,415	72,311	55,387
Total Assets	<u>\$ 1,261,977</u>	<u>\$ 1,161,947</u>	<u>\$ 701,963</u>	<u>\$ 3,125,887</u>	<u>\$ 3,744,933</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 5,136	\$ 96,817	\$ 63,693	\$ 165,646	\$ 178,457
Accrued Liabilities	-	57,665	43,157	100,822	84,475
FSS Escrow - PHA	34,277	-	-	34,277	44,699
Due to Other Funds	-	400,000	180,000	580,000	2,380,000
Due to Other Governments	377,292	-	-	377,292	217,020
Deferred Revenue	766,337	-	-	766,337	251,001
Total Liabilities	<u>1,183,042</u>	<u>554,482</u>	<u>286,850</u>	<u>2,024,374</u>	<u>3,155,652</u>
Fund Equity:					
Fund Balance:					
Reserved for Encumbrances	-	32,924	11,819	44,743	98,350
Reserved for Retirement	-	39,896	32,415	72,311	55,387
Unreserved:					
Undesignated	78,935	534,645	370,879	984,459	435,544
Total Fund Equity	<u>78,935</u>	<u>607,465</u>	<u>415,113</u>	<u>1,101,513</u>	<u>589,281</u>
Total Liabilities and Fund Equity	<u>\$ 1,261,977</u>	<u>\$ 1,161,947</u>	<u>\$ 701,963</u>	<u>\$ 3,125,887</u>	<u>\$ 3,744,933</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, 2010**

	Special Grant Fund	Sewer Fund	Water Fund	Totals Memorandum Only	
				December 31, 2010	December 31, 2009
Revenues:					
Departmental Income	\$ 7,621	\$ 4,233,723	\$ 2,841,130	\$ 7,082,474	\$ 7,078,357
Use of Money and Property	211	142,110	36,671	178,992	53,083
Sale of Property and Compensation for Loss	-	22,103	32,162	54,265	36,235
Miscellaneous	-	15,378	7,486	22,864	8,611
State Aid	-	4,000	10,000	14,000	1,840
Federal Aid	3,188,991	-	-	3,188,991	3,513,594
Total Revenues	<u>3,196,823</u>	<u>4,417,314</u>	<u>2,927,449</u>	<u>10,541,586</u>	<u>10,691,720</u>
Expenditures:					
Current:					
General Governmental Support	36,554	2,425	4,339	43,318	103,968
Home and Community Services	3,332,343	2,879,843	1,955,165	8,167,351	8,463,660
Employee Benefits	-	819,530	622,866	1,442,396	1,358,125
Debt Service - Principal	-	319,300	227,000	546,300	545,600
Debt Service - Interest	-	112,401	72,235	184,636	156,281
Total Expenditures	<u>3,368,897</u>	<u>4,133,499</u>	<u>2,881,605</u>	<u>10,384,001</u>	<u>10,627,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(172,074)</u>	<u>283,815</u>	<u>45,844</u>	<u>157,585</u>	<u>64,086</u>
Other Sources and (Uses):					
Transfer from Other Funds	-	188,323	166,324	354,647	-
Transfer to Other Funds	-	-	-	-	-
Total Other Sources and (Uses)	<u>-</u>	<u>188,323</u>	<u>166,324</u>	<u>354,647</u>	<u>-</u>
Net Change in Fund Balances	(172,074)	472,138	212,168	512,232	64,086
Fund Balances at Beginning of Year	<u>251,009</u>	<u>135,327</u>	<u>202,945</u>	<u>589,281</u>	<u>525,195</u>
Fund Balances at End of Year	<u>\$ 78,935</u>	<u>\$ 607,465</u>	<u>\$ 415,113</u>	<u>\$ 1,101,513</u>	<u>\$ 589,281</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, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
Departmental Income			
CD8672.	Economic Development Loan	\$ -	\$ -
CD8673.	Action Grant Loan Repayments	-	-
CD8674.	HOME Rehabilitation Program	5,948	8,630
CD8675.	HOME Loan	<u>1,673</u>	<u>5,055</u>
	Total Departmental Income	<u>7,621</u>	<u>13,685</u>
Use of Money and Property			
CD2401.	Interest and Earnings	<u>211</u>	<u>733</u>
Miscellaneous			
CD2701.	Refund of Prior Year Expenditures	-	-
CD2770.	Unclassified	<u>-</u>	<u>-</u>
	Total Miscellaneous	<u>-</u>	<u>-</u>
Federal Aid			
CD4911.	HUD Section 8	-	-
CD4912.	Bishop Gibbons Section 8	2,978,129	2,705,485
CD4921.	2004 GOSC Housing Public Facilities	-	-
CD4921.	1998 CDBG Home Improvement Program	-	-
CD4921.	2005 GOSC Economic Development	-	-
CD4921.	2006 CDBG Small Cities Comprehensive Grant	50,322	642,545
CD4927	HOME Program	<u>160,540</u>	<u>165,564</u>
	Total Federal Aid	<u>3,188,991</u>	<u>3,513,594</u>
TOTAL SPECIAL GRANT FUND REVENUES		<u>\$ 3,196,823</u>	<u>\$ 3,528,012</u>

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CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

**Statement of Detailed Expenditures
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
	Home and Community Services		
CD8672.	Rent Assistance Program		
.4	Contractual Expenses	\$ 3,100,023	\$ 2,745,485
CD8684.	Downtown Strategic Plan		
.4	Contractual Expenses	69,398	566,949
CD8686.	Administrative		
.4	Contractual Expenses	36,554	63,240
CD8668.	Rehabilitation Loans and Grants		
.4	Contractual Expenses	162,922	187,045
TOTAL SPECIAL GRANT FUND EXPENDITURES		\$ 3,368,897	\$ 3,562,719

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CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
	Departmental Income				
G2120.	Sewer Rents	\$ 4,376,305	\$ 4,060,142	\$ (316,163)	\$ 4,079,307
G2122.	Sewer Service Charges	35,000	18,960	(16,040)	67,567
G2128.	Interest and Penalties - Sewer Rents	<u>150,000</u>	<u>154,621</u>	<u>4,621</u>	<u>97,161</u>
	Total Departmental Income	<u>4,561,305</u>	<u>4,233,723</u>	<u>(327,582)</u>	<u>4,244,035</u>
	Use of Money and Property				
G2401.	Interest and Earnings	1,000	542	(458)	283
G2410.	Rental Property - Tower	<u>157,000</u>	<u>141,568</u>	<u>(15,432)</u>	<u>14,312</u>
	Total Use of Money and Property	<u>158,000</u>	<u>142,110</u>	<u>(15,890)</u>	<u>14,595</u>
	Sale of Property and Compensation for Loss				
G2665	Minor Sales	-	-	-	3,478
G2680	INS Rec-Workers Comp	1,000	22,103	21,103	-
G2690.	Compensation/Loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,515</u>
	Total Sale of Property and Compensation for Loss	<u>1,000</u>	<u>22,103</u>	<u>21,103</u>	<u>6,993</u>
G2701.	Miscellaneous Revenues				
	Refund of Prior Year Expenditures	<u>-</u>	<u>15,378</u>	<u>15,378</u>	<u>443</u>
	State Aid				
G3901.	State Aid	<u>30,000</u>	<u>4,000</u>	<u>(26,000)</u>	<u>-</u>
	Interfund Transfers				
G2811.	Transfer from General Fund	<u>188,324</u>	<u>188,324</u>	<u>-</u>	<u>-</u>
	TOTAL SEWER FUND REVENUES	<u>4,938,629</u>	<u>\$ 4,605,638</u>	<u>\$ (332,991)</u>	<u>\$ 4,266,066</u>
	Appropriated Reserves - Encumbrances	<u>55,652</u>			
	TOTAL REVENUES AND RESERVES	<u>\$ 4,994,281</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
	General Government Support					
	Special Items					
G1910.4	Unallocated Insurance	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ 61,259
G1920.1	Hospitalization Waiver	4,500	1,925	-	2,575	3,690
G1930.4	Judgments and Claims	5,000	500	-	4,500	1,321
G1990.4	Contingent Account	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
	Total General Government Support	<u>99,500</u>	<u>2,425</u>	<u>-</u>	<u>97,075</u>	<u>66,270</u>
G8120.	Sanitary Sewers					
.1	Personal Services	393,830	371,381	-	22,449	387,759
.4	Contractual Expenses	<u>132,420</u>	<u>129,086</u>	<u>2,850</u>	<u>484</u>	<u>118,672</u>
	Total Sanitary Sewers	<u>526,250</u>	<u>500,467</u>	<u>2,850</u>	<u>22,933</u>	<u>506,431</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
G8130	Sewage Treatment					
.1	Personal Services	\$ 1,232,392	\$ 1,200,078	\$ -	\$ 32,314	\$ 1,286,530
.2	Equipment	24,750	24,645	-	105	29,570
.4	Contractual Expenses	1,367,152	1,154,653	30,074	182,425	1,083,702
	Total Sewage Treatment	<u>2,624,294</u>	<u>2,379,376</u>	<u>30,074</u>	<u>214,844</u>	<u>2,399,802</u>
	Total Home and Community Services	<u>3,150,544</u>	<u>2,879,843</u>	<u>32,924</u>	<u>237,777</u>	<u>2,906,233</u>
	Undistributed Employee Benefits					
G9010.8	State Retirement	250,000	150,245	-	99,755	132,076
G9030.8	Social Security	155,000	113,865	-	41,135	129,483
G9040.8	Workers' Compensation	150,000	118,722	-	31,278	126,183
G9045.8	Life Insurance	3,000	1,483	-	1,517	1,500
G9060.8	Hospital and Medical Insurance	565,000	435,215	-	129,785	427,569
	Total Employee Benefits	<u>1,123,000</u>	<u>819,530</u>	<u>-</u>	<u>303,470</u>	<u>816,811</u>
	Debt Service - Principal					
G9710.6	Principal on Serial Bonds	419,300	319,300	-	100,000	250,700
G9730.6	Principal of Bond Anticipation Notes	-	-	-	-	48,000
	Total Debt Service - Principal	<u>419,300</u>	<u>319,300</u>	<u>-</u>	<u>100,000</u>	<u>298,700</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
	Debt Service - Interest					
G9710.7	Interest on Serial Bonds	\$ 201,937	\$ 112,401	\$ -	\$ 89,536	\$ 84,335
G9730.7	Interest on Bond Anticipation Notes	-	-		-	11,488
	Total Debt Service - Interest	<u>201,937</u>	<u>112,401</u>	<u>-</u>	<u>89,536</u>	<u>95,823</u>
	Total Undistributed	<u>1,744,237</u>	<u>1,251,231</u>	<u>-</u>	<u>493,006</u>	<u>1,211,334</u>
	TOTAL SEWER FUND EXPENDITURES	<u><u>\$ 4,994,281</u></u>	<u><u>\$ 4,133,499</u></u>	<u><u>\$ 32,924</u></u>	<u><u>\$ 827,858</u></u>	<u><u>\$ 4,183,837</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, 2010

With Comparative Actual Amounts for the Year Ended December 31, 2009

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2009 Actual</u>
Departmental Income					
F2140	Metered Water Sales	\$ 2,875,690	\$ 2,719,975	\$ (155,715)	\$ 2,717,387
F2142	Unmetered Water Sales	30,000	2,327	(27,673)	1,495
F2144	Water Service Sales	15,000	16,584	1,584	37,427
F2148	Interest Penalties on Water Rents	100,000	102,244	2,244	64,328
	Total Departmental Income	<u>3,020,690</u>	<u>2,841,130</u>	<u>(179,560)</u>	<u>2,820,637</u>
Use of Money and Property					
F2401	Interest and Earnings	2,000	791	(1,209)	489
F2410	Rental Property	31,200	35,880	4,680	37,266
	Total Use of Money and Property	<u>33,200</u>	<u>36,671</u>	<u>3,471</u>	<u>37,755</u>
Sale of Property and Compensation for Loss					
F2650	Sale of Scrap	-	3,570	3,570	-
F2665	Minor Sales	500	934	434	715
F2680	Sale of Equipment	-	1,200	1,200	5,728
F2690	Other Compensation for Loss	2,000	26,458	24,458	22,799
	Total Sale of Property and Compensation for Loss	<u>2,500</u>	<u>32,162</u>	<u>26,092</u>	<u>29,242</u>
Miscellaneous Local Sources					
F2701	Refund of Prior Years' Expenditures	-	7,486	7,486	8,168
State Aid					
F3901	NYSERDA	-	10,000	10,000	1,840
Interfund Transfers					
F2811	Transfer In	166,324	166,324	-	-
TOTAL WATER FUND REVENUES		<u>3,222,714</u>	<u>\$ 3,093,773</u>	<u>\$ (132,511)</u>	<u>\$ 2,897,642</u>
Appropriated Reserves - Encumbrances		<u>42,698</u>			
TOTAL REVENUES AND RESERVES		<u>\$ 3,265,412</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
	General Government Support					
	Special Items					
F1910.4	Unallocated Insurance	\$ 17,500	\$ -	\$ -	\$ 17,500	\$ 32,083
F1920.1	Hospitalization Waiver	9,000	2,085	-	6,915	5,615
F1930.4	Judgments and Claims	10,000	2,254	-	7,746	-
	Total General Government Support	<u>36,500</u>	<u>4,339</u>	<u>-</u>	<u>32,161</u>	<u>37,698</u>
	Home and Community Services					
	Water Administration					
F8310						
.1	Personal Services	231,906	226,725	-	5,181	259,796
.2	Equipment	450	70	-	380	500
.4	Contractual Expenses	72,634	61,310	11,227	97	66,313
	Total Water Administration	<u>304,990</u>	<u>288,105</u>	<u>11,227</u>	<u>5,658</u>	<u>326,609</u>
F8320	Source and Supply, Power and Pumping					
.1	Personal Services	329,995	315,218	-	14,777	367,207
.2	Equipment	23,500	22,973	-	527	22,544
.4	Contractual Expenses	268,926	268,911	-	15	215,143
	Total Source and Supply, Power and Pumping	<u>622,421</u>	<u>607,102</u>	<u>-</u>	<u>15,319</u>	<u>604,894</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
F8330.	Purification					
.1	Personal Services	\$ 329,533	\$ 315,218	\$ -	\$ 14,315	\$ 367,207
.2	Equipment	9,007	6,935	-	2,072	9,581
.4	Contractual Expenses	104,953	102,120	592	2,241	102,552
	Total Purification	<u>443,493</u>	<u>424,273</u>	<u>592</u>	<u>18,628</u>	<u>479,340</u>
F8340.	Transmission and Distribution					
.1	Personal Services	496,459	496,459	-	-	459,766
.2	Equipment	52,021	50,510	-	1,511	40,937
.4	Contractual Expenses	121,440	88,716	-	32,724	83,162
	Total Transmission and Distribution	<u>669,920</u>	<u>635,685</u>	<u>-</u>	<u>34,235</u>	<u>583,865</u>
	Total Home and Community Services	<u>2,040,824</u>	<u>1,955,165</u>	<u>11,819</u>	<u>73,840</u>	<u>1,994,708</u>
	Undistributed Employee Benefits					
F9010.8	State Retirement	181,606	122,075	-	59,531	103,664
F9030.8	Social Security	125,000	108,679	-	16,321	103,939
F9040.8	Workers' Compensation	110,000	83,105	-	26,895	88,328
F9045.8	Life Insurance	3,000	1,294	-	1,706	1,615
F9060.8	Hospital and Medical Insurance	370,000	307,713	-	62,287	243,768
	Total Employee Benefits	<u>789,606</u>	<u>622,866</u>	<u>-</u>	<u>166,740</u>	<u>541,314</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, 2010
With Comparative Actual Amounts for the Year Ended December 31, 2009**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2009 Actual</u>
	Debt Service - Principal					
F9710.6	Principal on Serial Bonds	\$ 277,000	\$ 227,000	\$ -	\$ 50,000	\$ 181,900
F9730.6	Principal of Bond Anticipation Notes	-	-	-	-	65,000
	Total Debt Service - Principal	<u>277,000</u>	<u>227,000</u>	<u>-</u>	<u>50,000</u>	<u>246,900</u>
	Debt Service - Interest					
F9710.7	Interest on Serial Bonds	121,482	72,235	-	49,247	40,823
F9730.7	Interest on Bond Anticipation Notes	-	-	-	-	19,635
	Total Debt Service - Interest	<u>121,482</u>	<u>72,235</u>	<u>-</u>	<u>49,247</u>	<u>60,458</u>
	Total Undistributed	<u>1,188,088</u>	<u>922,101</u>	<u>-</u>	<u>265,987</u>	<u>848,672</u>
	TOTAL WATER FUND EXPENDITURES	<u><u>\$ 3,265,412</u></u>	<u><u>\$ 2,881,605</u></u>	<u><u>\$ 11,819</u></u>	<u><u>\$ 371,988</u></u>	<u><u>\$ 2,881,078</u></u>

See Independent Auditor's Report.

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

**Combining Balance Sheet by Project
December 31, 2010**

Project Number	Project Description	Cash	Due from Other Funds	Due to Other Funds	BAN Payable	Loans Payable	Unappropriated Fund Balance	Total Liabilities & Fund Balances
General Improvements:								
H-10	Entrance Roof PG Tank '96	\$ 94,960	\$ -	\$ -	\$ -	\$ -	\$ (94,960)	\$ (94,960)
H-1001	Manhattan Prking/Marina/Stm Sewer 10	(182,686)	-	-	(427,000)	-	609,686	182,686
H-1002	Fire Car/Diesel Exhaust/Command Car 10	12,168	-	-	(194,000)	-	181,832	(12,168)
H-1003	DPW Equipment 10	1,011,206	-	-	(1,050,000)	-	38,794	(1,011,206)
H-1004	Water Improvements 10	11,110	-	-	(40,000)	-	28,890	(11,110)
H-1005	Waste Water Improvements 10	30,000	-	-	(70,000)	-	40,000	(30,000)
H-95	Sherwood San Lift '95	313,594	-	-	-	-	(313,594)	(313,594)
H-104	Roblin Steel Remediation Site '01	113,726	-	-	-	-	(113,726)	(113,726)
H-201	Tank Reno-Riverwalk '02	(612,558)	-	-	-	-	612,558	612,558
H-601	Meadow Drive Ext '06	443,692	-	-	-	-	(443,692)	(443,692)
H-602	City Hall Alarm/Data '06	65,713	-	-	-	-	(65,713)	(65,713)
H-701	Durkey Bridge '07	195,289	-	-	-	-	(195,289)	(195,289)
H-703	Chambers/Gateway '07	250,548	-	-	-	-	(250,548)	(250,548)
H-803	DPW Wash/Clair/Bins '08	409,254	-	-	(155,000)	-	(254,254)	(409,254)
H-808	Keller Building Roof '08	59,792	-	-	-	-	(59,792)	(59,792)
H-901	Technology Upgrade 09	112,621	-	-	-	-	(112,621)	(112,621)
H-905	DPW Equipment-Lift-S/W 09	293,934	-	-	-	-	(293,934)	(293,934)
H-906	Water 4 Projects 09	22,707	-	-	-	-	(22,707)	(22,707)
H-907	Waste Water 5 Project 09	50,280	-	-	-	-	(50,280)	(50,280)
H-908	Buffalo Bolt Infrastructure 09	(914,623)	855,000	-	-	-	59,623	59,623
H-909	Water Front/Brown Fld 09	(129,427)	-	-	-	-	129,427	129,427
Paving and Curbs:								
H-821	CHIPS Highway Resurfacing	233,451	-	(230,916)	-	-	(2,535)	(233,451)
Sanitary Sewers:								
H-903	Marcia-Sweeney San/Ext '08	140,465	-	-	-	-	(140,465)	(140,465)
Storm Sewer:								
H-902	Ward Road Storm '99	159,636	-	-	-	-	(159,636)	(159,636)
Development:								
REM	Remington Lofts 10	-	-	-	-	(665,524)	665,524	-
BOLT	Buffalo Bolt Park 10	6,008	(855,000)	-	-	-	848,992	848,992
Totals		\$ 2,190,860	\$ -	\$ (230,916)	\$ (1,936,000)	\$ (665,524)	\$ 641,580	\$ (2,190,860)

See Independent Auditor's Report.

CITY OF NORTH TONAWANDA, NEW YORK

CAPITAL PROJECTS FUNDS

**Statement of Expenditures and Appropriations by Project - Capital Projects Fund
December 31, 2010**

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 '96	\$ 170,000	\$ 670,000	\$ 151,495	\$ 7,800	\$ 159,295	\$ 510,705
H-1001	Manhattan Prking/Marina/Stm Sewer 10	427,000	427,000	-	609,686	609,686	(182,686)
H-1002	Fire Car/Diesel Exhaust/Command Car 10	194,000	194,000	-	188,191	188,191	5,809
H-1003	DPW Equipment 10	1,050,000	1,050,000	-	38,794	38,794	1,011,206
H-1004	Water Improvements 10	40,000	40,000	-	28,890	28,890	11,110
H-1005	Waste Water Improvements 10	70,000	70,000	-	40,000	40,000	30,000
H-104	Roblin Steel Remediation Site '01	3,176,000	3,176,000	25,879	-	25,879	3,150,121
H-201	Tank Reno-Riverwalk '02	100,000	500,000	508,806	-	508,806	(8,806)
H-601	Meadow Drive Ext '06	3,700,000	3,700,000	134,551	36,351	170,902	3,529,098
H-602	City Hall Alarm/Data '06	172,000	172,000	150,066	6,221	156,287	15,713
H-701	Durkey Bridge '07	1,500,000	1,500,000	85,627	-	85,627	1,414,373
H-703	Chambers/Gateway '07	453,000	453,000	108,021	40,668	148,689	304,311
H-803	Police Comm/Range '00	183,000	995,000	506,678	64,380	571,058	423,942
H-808	Keller Building Roof '08	250,000	250,000	185,313	4,895	190,208	59,792
H-901	Technology Upgrade 09	250,000	250,000	84,132	53,247	137,379	112,621
H-905	DPW Equipment-Lift-S/w 09	1,190,000	1,190,000	199,762	576,657	776,419	413,581
H-908	Buffalo Bolt Infrastructure	1,390,000	1,390,000	54,710	4,913	59,623	1,330,377
H-909	Water Front/Brown Field '09	252,750	252,750	20,637	158,893	179,530	73,220
Paving and Curbs:							
H-82-1	CHIPS Highway Resurfacing	1,130,000	1,000,000	-	658,372	658,372	341,628
Sanitary Sewers:							
H-95	Sherwood San Lift	300,000	675,000	46,615	-	46,615	628,385
H-903	Marcia-Sweeney San/Ext '08	125,000	583,000	442,535	-	442,535	140,465
Storm Sewer:							
H-902	Ward Road Storm '99	200,000	200,000	-	22,366	22,366	177,634
Water Lines:							
H-906	Water 4 Projects '09	220,000	220,000	146,442	50,850	197,292	22,708
H-907	Waste Water 5 Projects '09	605,000	605,000	291,286	269,971	561,257	43,743
Development:							
REM	Remington Lofts 10	750,000	750,000	-	665,524	665,524	84,476
BOLT	Buffalo Bolt Park 10	-	-	-	848,993	848,993	(848,993)
Totals		\$ 17,897,750	\$ 20,312,750	\$ 3,142,555	\$ 4,375,662	\$ 7,518,217	\$ 12,794,533

See Independent Auditor's Report.

**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, 2010, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated June 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance 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 June 20, 2011.

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 PC

June 20, 2011

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, 2010. 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, 2010.

36 Niagara Street
Tonawanda, New York 14150
Phone: 716.694.0336
Fax: 716.694.5081
email: info@amatofox.com

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, 2010, and have issued our report thereon dated June 20, 2011. 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 PC

June 20, 2011

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010**

<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>50,323</u>
Pass-through Programs:			
Lower Income-Housing Assistance Program-Cluster:			
Section 8 Rental Voucher Program	14.871	N/A	<u>2,978,129</u>
HOME Program			
Home Rehabilitation Program	14.239	N/A	<u>160,539</u>
Total U.S. Department of Housing and Urban Development			<u>3,188,991</u>
<u>Federal Emergency Management Agency:</u>			
Passed through New York State Department of			
Military and Naval Emergency:			
Emergency Management - State Aid and Local Assistance	83.554	N/A	<u>74,082</u>
<u>Department of Justice:</u>			
Community Oriented Policing Services (COPS) Grant	16.710	N/A	<u>15,922</u>
Total Expenditures of Federal Awards			<u>\$ 3,278,995</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, 2010 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, 2010**

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, 2010

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Findings and Questioned Costs
December 31, 2010**

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:

CFDA Numbers

Name of Federal Program or Cluster

14.871	Low Income Housing Assistance Program
83.534	Federal Emergency Management Assistant

CITY OF NORTH TONAWANDA, NEW YORK

**Schedule of Findings and Questioned Costs
December 31, 2010**

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, 2010 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, 2010 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, 2010**

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, 2010**

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