

**CITY OF NORTH TONAWANDA, NEW YORK**

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

**YEAR ENDED DECEMBER 31, 2011**

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, 2011**

# 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, 2011, 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, 2011, 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.

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*

May 31, 2012

## CITY OF NORTH TONAWANDA, NEW YORK

### Management's Discussion and Analysis December 31, 2011

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, 2011. 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 2011 fiscal year by \$48,617,419 (net assets). Of this amount, \$3,784,963 is restricted for specific purpose (restricted net assets), \$1,508,595 is assigned, and \$46,582,421 is invested in capital assets, net of related debt.
- The government's total net assets increased by \$1,795,373.
- As of December 31, 2011, the City's governmental funds reported combined fund balances of \$10,117,329 an increase of \$4,250,927 in comparison with the prior year. Approximately 32.3% of the combined fund balances, \$3,266,737 is available to meet the City's current and future needs (unassigned fund balance).
- At the end of the fiscal year, unassigned fund balance for the general fund was \$3,266,737 or 52.05 % 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, 2011

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, 2011**

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 \$48,617,419 at the close of the fiscal year.

# CITY OF NORTH TONAWANDA, NEW YORK

## Management's Discussion and Analysis December 31, 2011

### Summary of City of North Tonawanda's Net Assets

	Total Governmental Activities <u>December 31, 2011</u>	Total Governmental Activities <u>December 31, 2010</u>	Percent of Increase (Decrease)
Current and other assets	\$ 18,003,154	\$ 15,414,801	16.8%
Capital assets	<u>60,487,421</u>	<u>59,260,935</u>	<u>2.1%</u>
Total assets	<u>78,490,575</u>	<u>74,675,736</u>	<u>5.1%</u>
Long-term liabilities	21,897,903	18,230,583	20.1%
Other liabilities	<u>7,975,253</u>	<u>9,623,107</u>	<u>-17.1%</u>
Total liabilities	<u>29,873,156</u>	<u>27,853,690</u>	<u>7.3%</u>
<b>Net assets:</b>			
Investment in capital assets, net of related debt	46,582,421	44,716,314	4.2%
Restricted	3,784,963	1,327,945	185.0%
Unassigned and assigned	<u>(1,749,965)</u>	<u>777,787</u>	<u>-325.0%</u>
Total net assets	<u>\$ 48,617,419</u>	<u>\$ 46,822,046</u>	<u>3.8%</u>

The largest portion of the City's net assets reflects its investment in capital assets of \$46,582,421 (95.8%) (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 (7.78%) represents restricted net assets of \$3,784,963 which is reserved for retirement, insurance, and workers' compensation.

# CITY OF NORTH TONAWANDA, NEW YORK

## Management's Discussion and Analysis

December 31, 2011

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 increased the City's net assets by \$1,795,373.

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

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

	<u>2011</u>	<u>2010</u>	<u>Percent of Increase (Decrease)</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	\$ 9,883,276	\$ 9,500,690	4.0%
Operating grants and contributions	3,148,411	3,280,619	-4.0%
Capital grants and contributions	1,453,443	1,290,846	12.6%
<b>General revenues:</b>			
Property taxes	15,668,878	14,951,049	4.8%
Real property tax items	1,157,203	1,318,216	-12.2%
Non-property tax items	8,707,764	8,611,159	1.1%
Use of money and property	348,348	345,793	0.7%
Sale of property and compensation for loss	426,294	611,115	-30.2%
Miscellaneous	1,047,755	49,792	2004.3%
Interfund Revenue	75,000	136,021	-44.9%
State and Federal Aid	5,006,912	4,884,697	2.5%
Total revenues	46,923,284	44,979,997	4.3%

# CITY OF NORTH TONAWANDA, NEW YORK

## Management's Discussion and Analysis December 31, 2011

	<u>2011</u>	<u>2010</u>	<u>Percent of Increase (Decrease)</u>
<b>Expenses:</b>			
General government support	\$ 5,291,246	\$ 4,523,334	17.0%
Public safety	16,060,901	14,933,713	7.5%
Transportation	6,575,423	7,470,205	-12.0%
Economic assistance and opportunity	431,363	1,647,088	-73.8%
Culture and recreation	2,777,204	3,382,530	-17.9%
Home and community services	13,483,726	12,606,919	7.0%
Interest and fiscal charges	<u>508,048</u>	<u>546,626</u>	<u>-7.1%</u>
Total expenses	<u>45,127,911</u>	<u>45,110,415</u>	<u>0.0%</u>
Change in net assets	1,795,373	(130,418)	-1476.6%
Net assets - beginning	<u>46,822,046</u>	<u>46,952,464</u>	<u>-0.3%</u>
Net assets - ending	<u>\$ 48,617,419</u>	<u>\$ 46,822,046</u>	<u>3.8%</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, 2011

#### 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, 2011, the City's governmental funds reported combined fund balances of \$10,117,329, an increase of \$4,250,927 in comparison with the prior year. Approximately 32.3% of the combined fund balances, \$3,266,737, constitutes *unassigned fund balance*, which is available to meet the City's current and future operational and capital needs. The remainder of fund balance is *restricted and assigned* to indicate that it is *not* available for new spending because it has already been committed.

The general fund is the chief operating fund of the City. At December 31, 2011, unassigned fund balance of the general fund was \$3,266,737, while total fund balance reached \$6,276,448. As a measure of general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.2% of total fund expenditures, while total fund balance also represents 19.6% of that same amount.

Revenues for governmental functions totaled \$46,923,287 in fiscal year ended December 31, 2011, which represents an increase of 4.3% from the fiscal year ended December 31, 2010.

# CITY OF NORTH TONAWANDA, NEW YORK

## Management's Discussion and Analysis December 31, 2011

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>2011 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2010 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
<b>Revenues</b>					
Real property taxes and tax items	\$ 16,826,081	35.86%	\$ 16,269,265	\$ 556,816	3.42%
Non-property tax items	8,707,764	18.56%	8,611,159	96,605	1.12%
Departmental income	9,023,080	19.23%	8,836,577	186,503	2.11%
Intergovernmental charges	75,002	0.16%	78,995	(3,993)	-5.05%
Use of money and property	348,348	0.74%	345,793	2,555	0.74%
Licenses and permits	333,144	0.71%	344,676	(11,532)	-3.35%
Fines and forfeitures	204,332	0.44%	240,441	(36,109)	-15.02%
Sale of property and compensation for loss	426,294	0.91%	611,115	(184,821)	-30.24%
Miscellaneous	1,047,758	2.23%	49,796	997,962	2004.10%
Interfund Revenue	75,000	0.16%	136,021	(61,021)	-44.86%
State and Federal Aid	9,856,484	21.01%	9,456,162	400,322	4.23%
<b>Total Revenues</b>	<u>\$ 46,923,287</u>	<u>100.00%</u>	<u>\$ 44,980,000</u>	<u>\$ 1,943,287</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.

~~X~~ Miscellaneous revenues – increased due to donation for capital project expenditures.

# CITY OF NORTH TONAWANDA, NEW YORK

## Management's Discussion and Analysis December 31, 2011

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

	<u>Expenditures by Function</u> <u>Governmental Funds</u>				
	<u>December 31,</u> <u>2011 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2010 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
<b>Expenditures:</b>					
General governmental support	\$ 4,238,935	9.16%	\$ 4,124,760	\$ 114,175	2.77%
Public safety	9,551,744	20.65%	9,445,553	106,191	1.12%
Transportation	5,346,130	11.56%	4,942,573	403,557	8.16%
Economic assistance and opportunity	963,657	2.08%	1,607,324	(643,667)	-40.05%
Culture and recreation	1,843,677	3.99%	2,556,229	(712,552)	-27.88%
Home and community services	10,621,973	22.96%	10,667,954	(45,981)	-0.43%
Employee benefits	10,807,916	23.37%	10,260,944	546,972	5.33%
<b>Debt service:</b>					
Principal	2,386,000	5.16%	2,515,000	(129,000)	-5.13%
Interest	<u>493,328</u>	<u>1.07%</u>	<u>604,804</u>	<u>(111,476)</u>	<u>-18.43%</u>
<b>Total Expenditures</b>	<b><u>\$ 46,253,360</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 46,725,141</u></b>	<b><u>\$ (471,781)</u></b>	

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, 2011**

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

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

	<b>Major Funds</b>			<b>Total</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Projects</b>	
Fund Balance at December 31, 2009	4,349,000	589,281	2,673,264	7,611,545
Revenues	33,147,568	10,541,586	1,290,844	44,979,998
Expenditures	(31,648,619)	(10,384,001)	(4,692,521)	(46,725,141)
Excess (Deficiency) of Revenues over Expenditures	1,498,949	157,585	(3,401,677)	(1,745,143)
Other Financing Sources, Net	(441,480)	354,647	86,833	-
Excess (Deficiency) of Revenues and Other Financing Sources	1,057,469	512,232	(3,314,844)	(1,745,143)
Fund Balance at December 31, 2010	5,406,469	1,101,513	(641,580)	5,866,402
Revenues	33,373,941	10,808,054	2,741,292	46,923,287
Expenditures	(32,063,962)	(10,116,663)	(4,072,735)	(46,253,360)
Excess (Deficiency) of Revenues over Expenditures	1,309,979	691,391	(1,331,443)	669,927
Other Financing Sources, Net	(440,000)	440,000	3,581,000	3,581,000
Excess (Deficiency) of Revenues and other Financing Sources over Expenditures .	869,979	1,131,391	2,249,557	4,250,927
<b>Fund Balance at December 31, 2011</b>	<b>\$ 6,276,448</b>	<b>\$ 2,232,904</b>	<b>\$ 1,607,977</b>	<b>\$ 10,117,329</b>

## CITY OF NORTH TONAWANDA, NEW YORK

### Management's Discussion and Analysis December 31, 2011

#### 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, 2011, amounted to \$60,487,421 (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>2011</u>	<u>2010</u>	<u>Percent of Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Work in Progress	11,149,261	7,076,524	57.55%
Transportation network	9,434,315	10,487,279	-10.04%
Buildings and improvements	7,986,701	8,096,163	-1.35%
Machinery and equipment	4,281,361	4,729,692	-9.48%
Water treatment and distribution network	4,972,196	5,145,477	-3.37%
Sanitary sewer network	18,263,237	19,325,450	-5.50%
<b>Total</b>	<b>\$ 60,487,421</b>	<b>\$ 59,260,935</b>	

## **CITY OF NORTH TONAWANDA, NEW YORK**

### **Management's Discussion and Analysis December 31, 2011**

#### **Long-term Debt**

At December 31, 2011, the City had total long-term debt outstanding of \$17,218,960 as compared to \$14,544,621 in the prior year. The amount is comprised of Serial Bonds of \$13,905,000, long term portion of retirement contributions of \$1,981,058 and Compensated Absences of \$1,332,902. During the year, retirement of debt amounted to \$2,374,936. 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 2011, 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, 2011, the City had no BAN payable.

#### **Request for information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH TONAWANDA, NEW YORK**

**Statement of Net Assets  
December 31, 2011**

**ASSETS**

	<b><u>Governmental Activities</u></b>
Cash	\$ 9,540,376
<b>Receivables (Net of Allowances for Estimated Uncollectables):</b>	
Taxes	4,097,613
Accounts	1,770,141
Loans	8,951
State and Federal	705,778
Due from Other Governments	1,245,763
Prepaid Expenses	634,532
<b>Capital Assets:</b>	
Land	4,400,350
Work in Progress	11,149,261
Other Capital Assets, Net of Depreciation	<u>44,937,810</u>
 <b>Total Assets</b>	 <b><u>\$ 78,490,575</u></b>

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

**CITY OF NORTH TONAWANDA, NEW YORK**

**Statement of Net Assets  
December 31, 2011**

**LIABILITIES AND NET ASSETS**

	<b><u>Governmental Activities</u></b>
<b>Liabilities:</b>	
Accounts Payable	\$ 1,603,730
Accrued Liabilities	634,018
Accrued Interest	89,428
Due to Other Governments	1,597,431
Deferred Revenues	4,050,646
<b>Long-term Liabilities:</b>	
Accrued Post-Employment Benefit Obligation	4,678,943
Due within One Year	2,170,000
Due in more than One Year	<u>15,048,960</u>
Total Liabilities	<u>29,873,156</u>
 <b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	46,582,421
<b>Restricted for:</b>	
Restricted	3,784,963
Assigned	1,508,595
Unassigned	<u>(3,258,560)</u>
Total Net Assets	<u>48,617,419</u>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$ 78,490,575</u></b>

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

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**CITY OF NORTH TONAWANDA, NEW YORK**

**Statement of Activities  
For the Year Ended December 31, 2011**

	<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>
<b>Functions/Programs:</b>					
<b>Governmental Activities:</b>					
General Government	\$ (5,291,246)	\$ 500,436	\$ -	\$ 270,722	\$ (4,520,088)
Public Safety	(16,060,901)	242,285	60,693	46,800	(15,711,123)
Health	-	26,316	-	-	26,316
Transportation	(6,575,423)	12,107	123,171	756,846	(5,683,299)
Economic Assistance and Opportunity	(431,363)	191,247	-	330,178	90,062
Culture and Recreation	(2,777,204)	1,246,179	27,003	48,897	(1,455,125)
Home and Community Services	(13,483,726)	7,664,706	2,937,544	-	(2,881,476)
Interest and Fiscal Charges	(508,048)	-	-	-	(508,048)
Total Governmental Activities	<u>\$ (45,127,911)</u>	<u>\$ 9,883,276</u>	<u>\$ 3,148,411</u>	<u>\$ 1,453,443</u>	<u>(30,642,781)</u>
<b>General Revenues:</b>					
Property Taxes Levied for General Purposes					15,668,878
Real Property Tax Items					1,157,203
Non-property Tax Items					8,707,764
Use of Money and Property					348,348
Sales of Property and Compensation for Loss					426,294
Miscellaneous					1,047,755
Interfund Revenues					75,000
State and Federal Aid					5,006,912
Total General Revenues					<u>32,438,154</u>
Change in Net Assets					1,795,373
Total Net Assets at Beginning of Year					<u>46,822,046</u>
Total Net Assets of End of Year					<u>\$ 48,617,419</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, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash	\$ 5,174,043	\$ 1,430,368	\$ 2,935,965	\$ 9,540,376
<b>Receivables (Net of Allowances for Estimated Uncollectables):</b>				
Taxes	4,097,613	-	-	4,097,613
Accounts	242,562	1,527,579	-	1,770,141
Loans	-	8,951	-	8,951
State and Federal	129,198	576,580	-	705,778
Due from Other Funds	296,284	-	-	296,284
Due from Other Governments	1,245,763	-	-	1,245,763
Prepaid Expenses	<u>557,034</u>	<u>77,498</u>	<u>-</u>	<u>634,532</u>
 <b>Total Assets</b>	 <b><u>\$ 11,742,497</u></b>	 <b><u>\$ 3,620,976</u></b>	 <b><u>\$ 2,935,965</u></b>	 <b><u>\$ 18,299,438</u></b>

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

**CITY OF NORTH TONAWANDA, NEW YORK**

**GOVERNMENTAL FUNDS**

**Balance Sheet  
December 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 420,202	\$ 131,624	\$ 1,051,904	\$ 1,603,730
Accrued Liabilities	541,328	92,690	-	634,018
Due to Other Funds	-	20,200	276,084	296,284
Due to Other Governments	1,187,408	410,023	-	1,597,431
Deferred Revenues	<u>3,317,111</u>	<u>733,535</u>	<u>-</u>	<u>4,050,646</u>
Total Liabilities	<u>5,466,049</u>	<u>1,388,072</u>	<u>1,327,988</u>	<u>8,182,109</u>
<b>Fund Balances:</b>				
Restricted Fund Balance	1,557,034	2,176,986	1,607,977	5,341,997
Assigned Fund Balance	1,452,677	55,918	-	1,508,595
Unassigned Fund Balance	<u>3,266,737</u>	<u>-</u>	<u>-</u>	<u>3,266,737</u>
Total Fund Balances	<u>6,276,448</u>	<u>2,232,904</u>	<u>1,607,977</u>	<u>10,117,329</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 11,742,497</u></b>	<b><u>\$ 3,620,976</u></b>	<b><u>\$ 2,935,965</u></b>	<b><u>\$ 18,299,438</u></b>

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

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**CITY OF NORTH TONAWANDA, NEW YORK**

**Reconciliation of Statement of Net Assets  
To Governmental Fund Balances  
December 31, 2011**

	<b><u>Governmental Activities</u></b>
Total Governmental Fund Balances	\$ 10,117,329
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	60,487,421
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	(17,218,960)
Net accrued interest for bonds are not reported in the funds	(89,428)
Accrued Post Employment Benefit Obligation	<u>(4,678,943)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 48,617,419</u></b>

**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, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Real Property Taxes	\$ 15,668,878	\$ -	\$ -	\$ 15,668,878
Real Property Tax Items	1,157,203	-	-	1,157,203
Non-property Tax Items	8,707,764	-	-	8,707,764
Departmental Income	1,390,311	7,176,262	-	8,566,573
Intergovernmental Charges	75,002	-	247,718	322,720
Use of Money and Property	155,142	193,206	-	348,348
Licenses and Permits	333,144	-	-	333,144
Fines and Forfeitures	204,332	-	-	204,332
Sale of Property and Compensation for Loss	381,759	44,535	-	426,294
Miscellaneous	7,627	-	1,040,131	1,047,758
Interfund Revenue	75,000	-	-	75,000
State Aid	5,191,513	2,030	1,406,643	6,600,186
Federal Aid	26,266	3,392,021	46,800	3,465,087
Total Revenues	<u>33,373,941</u>	<u>10,808,054</u>	<u>2,741,292</u>	<u>46,923,287</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, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government Support	\$ 4,024,061	\$ 85,017	\$ 129,857	\$ 4,238,935
Public Safety	9,411,730	-	140,014	9,551,744
Transportation	3,813,668	-	1,532,462	5,346,130
Economic Opportunity and Development	66,512	-	897,145	963,657
Culture and Recreation	1,756,361	-	87,316	1,843,677
Home and Community Services	1,448,270	7,887,762	1,285,941	10,621,973
Employee Benefits	9,319,590	1,488,326	-	10,807,916
Debt Service - Principal	1,880,000	506,000	-	2,386,000
Debt Service - Interest	343,770	149,558	-	493,328
Total Expenditures	<u>32,063,962</u>	<u>10,116,663</u>	<u>4,072,735</u>	<u>46,253,360</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>1,309,979</u>	 <u>691,391</u>	 <u>(1,331,443)</u>	 <u>669,927</u>
 <b>Other Sources and (Uses):</b>				
Proceeds of Obligations	-	-	3,581,000	3,581,000
Transfers from Other Funds	-	440,000	-	440,000
Transfers to Other Funds	(440,000)	-	-	(440,000)
Total Other Sources and (Uses)	<u>(440,000)</u>	<u>440,000</u>	<u>3,581,000</u>	<u>3,581,000</u>
 Net Change in Fund Balances	 869,979	 1,131,391	 2,249,557	 4,250,927
 Fund Balance at Beginning of Year	 <u>5,406,469</u>	 <u>1,101,513</u>	 <u>(641,580)</u>	 <u>5,866,402</u>
 <b>Fund Balance at End of Year</b>	 <u><b>\$ 6,276,448</b></u>	 <u><b>\$ 2,232,904</b></u>	 <u><b>\$ 1,607,977</b></u>	 <u><b>\$ 10,117,329</b></u>

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

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**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, 2011**

	<b><u>Governmental Activities</u></b>
<b>Amounts Reported for Governmental Activities in the Statement of of Activities are Different Because:</b>	
Net change in fund balances - total governmental funds	\$ 4,250,927
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.	2,386,000
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.	4,072,734
Depreciation recorded on the statement of activities but not in statement for governmental funds.	(2,846,248)
The issuance of long-term debt is recorded as a revenue on the governmental funds but not on the statement of activities.	(3,581,000)
Net payment of long-term retirement payable expensed in statement for governmental funds but not in statement of activities.	(1,441,394)
Net change in compensated absences not reflected in governmental funds.	(37,945)
Net accrued interest for bonds not reported in funds.	(14,720)
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>(992,981)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 1,795,373</u></b>

**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, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budgetary Actual</b>	<b>Variance Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Real Property Taxes	\$ 15,681,321	\$ 15,681,321	\$ 15,668,878	\$ (12,443)
Real Property Tax Items	1,260,000	1,260,000	1,157,203	(102,797)
Non-property Tax Items	8,700,000	8,700,000	8,707,764	7,764
Departmental Income	1,536,660	1,536,660	1,390,311	(146,349)
Intergovernmental Charges	89,400	89,400	75,002	(14,398)
Use of Money and Property	135,500	135,500	155,142	19,642
Licenses and Permits	300,500	300,500	333,144	32,644
Fines and Forfeitures	275,000	275,000	204,332	(70,668)
Sale of Property and Compensation for Loss	270,100	270,100	381,759	111,659
Miscellaneous	22,000	22,000	7,627	(14,373)
Interfund Revenues	75,000	75,000	75,000	-
State Aid	5,293,316	5,293,316	5,191,513	(101,803)
Federal Aid	13,000	13,000	26,266	13,266
Total Revenues	<u>33,651,797</u>	<u>33,651,797</u>	<u>33,373,941</u>	<u>(277,856)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government Support	\$ 4,265,665	\$ 4,582,814	\$ 4,024,061	\$ 558,753
Public Safety	9,420,021	9,607,099	9,411,730	195,369
Transportation	3,774,187	3,920,248	3,813,668	106,580
Economic Opportunity and Development	71,020	74,114	66,512	7,602
Culture and Recreation	1,771,956	1,795,010	1,756,361	38,649
Home and Community Services	1,548,672	1,639,604	1,448,270	191,334
Employee Benefits	11,120,000	10,773,420	9,319,590	1,453,830
Debt Service - Principal	1,900,000	1,900,000	1,880,000	20,000
Debt Service - Interest	560,276	560,276	343,770	216,506
Total Expenditures	<u>34,431,797</u>	<u>34,852,585</u>	<u>32,063,962</u>	<u>2,788,623</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(780,000)</u>	 <u>(1,200,788)</u>	 <u>1,309,979</u>	 <u>(2,510,767)</u>
<b>Other Sources and (Uses):</b>				
Transfers to Other Funds	<u>(440,000)</u>	<u>(440,000)</u>	<u>(440,000)</u>	<u>-</u>
Total Other Sources and (Uses)	<u>(440,000)</u>	<u>(440,000)</u>	<u>(440,000)</u>	<u>-</u>
 Net Change in Fund Balances	 <u>(1,220,000)</u>	 <u>(1,640,788)</u>	 <u>869,979</u>	 <u>2,510,767</u>
 Fund Balance at January 1, 2011	 <u>5,928,180</u>	 <u>5,928,180</u>	 <u>5,928,180</u>	 <u>-</u>
 <b>Fund Balance at December 31, 2011</b>	 <b><u>\$ 4,708,180</u></b>	 <b><u>\$ 4,287,392</u></b>	 <b><u>\$ 6,798,159</u></b>	 <b><u>\$ 2,510,767</u></b>

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, 2011**

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,000	\$ 203,908	\$ 171,272
<b>Total Assets</b>	<u>\$ 3,000</u>	<u>\$ 203,908</u>	<u>\$ 171,272</u>
<b>Liabilities:</b>			
Other Liabilities	\$ -	\$ -	\$ 171,272
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>171,272</u>
<b>Net Assets</b>	<u>3,000</u>	<u>203,908</u>	<u>-</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,000</u>	<u>\$ 203,908</u>	<u>\$ 171,272</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, 2011**

#### **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 Financial Statements December 31, 2011

#### **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, 2011

#### **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, 2011

#### **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, 2011 amounted to \$22,920,225. The 2011 tax levy of \$15,681,321, less \$2,670,720 in exclusions, represents approximately 57% of the maximum taxing power.

## CITY OF NORTH TONAWANDA, NEW YORK

### Notes to the Financial Statements December 31, 2011

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

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

1. In mid-July, budget documentation is submitted to department heads by the Budget Officer, requesting estimates of revenue and appropriations.
2. In mid-August, each department head submits to the Budget Officer his or her departmental estimates of revenue and appropriations for the ensuing fiscal year.
3. During the month of September, the Mayor, City Accountant and Department Heads meet and formulate the Mayor's budget. On or before October 1<sup>st</sup>, the Mayor shall submit to the Common Council a budget for the ensuing year and an accompanying message.
4. The Common Council and Budget Officer review the Mayor's budget at various workshop sessions during the month of October.
5. A public hearing is conducted to obtain taxpayer comments.
6. The Common Council has the power to delete, reduce, increase or add items to the Mayor's budget. All changes to the proposed Mayor's budget require approval from a majority of Council Members.
7. On or before November 15<sup>th</sup>, the budget is legally enacted through passage of a resolution. If the Common Council fails to adopt the budget by November 15<sup>th</sup>, 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.
9. If the Mayor vetoes the budget, the Council needs a 2/3 vote or 4 votes to override. The Common Council shall meet no later than December 31<sup>st</sup> to consider overriding the Mayor's veto of budget items.



## CITY OF NORTH TONAWANDA, NEW YORK

### Notes to the Financial Statements December 31, 2011

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

##### ***Budgets and Budgetary Data (Cont.)***

10. Formal budgetary integration is employed as a management control device during the year for all governmental fund types except for the Special Grant Fund and Capital Projects Fund. Budgetary control for the Special Grant Fund is provided by annual grant entitlements that are approved by the United States Department of Housing and Urban Development. Budgetary control over the Capital Projects Fund is provided by Common Council approval of bond authorizations and provisions of bond indebtedness.
11. Common Council authorization is required for amounts exceeding \$250 for transfers of budgeted amounts within departments within any fund, transfers between departments within any fund, or any revisions that alter the total appropriations of any fund.

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

***Investments*** - The City had no marketable securities as of December 31, 2011. 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, 2011

### 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 are not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives.

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

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

**Insurance** - Effective September 1993, the City obtained general liability insurance coverage which includes a self-insurance retention of \$100,000 for each claim with a \$200,000 self-insurance retention annual aggregate (stop loss aggregate) which gives the City coverage in the case of a claim over that self-insured limit. The City also obtained commercial auto bodily injury liability insurance in the amount of \$100,000.

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

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, 2011

#### **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	5 day max	5 day max	20% Unused

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

## CITY OF NORTH TONAWANDA, NEW YORK

### Notes to the Financial Statements December 31, 2011

#### **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 2011 fiscal year, approximately \$2,460,000 was paid on behalf of 132 retirees and recorded as an expenditure in the General Fund.

***Restrictions, Reserves and Designations*** - The fund balance financial statements have five classifications of fund balances:

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

## **CITY OF NORTH TONAWANDA, NEW YORK**

### **Notes to the Financial Statements December 31, 2011**

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

##### ***Restrictions, Reserves and Designations (Cont.)***

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

#### **Note 2 - Reporting on Budgetary Basis**

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

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 2011 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, 2011**

**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, 2011 consists of:

Petty Cash	\$ 32,572
<b>Deposits:</b>	
Checking and Savings Account	<u>9,857,988</u>
<b>Total</b>	<b><u>\$ 9,890,560</u></b>

**Deposits** - Deposits at December 31, 2011 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:

<b><u>Fund</u></b>	<b><u>Bank Balance</u></b>	<b><u>Carrying Amount</u></b>	
<b>Primary Government:</b>			
General Fund	\$ 5,114,273	\$ 5,158,143	Insured (FDIC), collateral held by City's Custodial Bank
Special Revenue Fund	1,438,957	1,418,272	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	<u>2,935,991</u>	<u>2,935,965</u>	Insured (FDIC), collateral held by City's Custodial Bank
	<u>9,489,221</u>	<u>9,512,380</u>	
<b>Fiduciary Fund:</b>			
Trust and Agency Fund	<u>608,347</u>	<u>378,180</u>	
	<u>608,347</u>	<u>378,180</u>	
<b>Total</b>	<b><u>\$ 10,097,568</u></b>	<b><u>\$ 9,890,560</u></b>	

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements  
December 31, 2011**

**Note 4 - Receivables - State and Federal**

State and federal receivables accrued by the City at December 31, 2011 include the following:

**General Fund:**

State Aid - Court	57,719
State Aid - Highway Maintenance	61,585
State Aid - Youth Bureau	4,619
Federal Aid	5,275
Total General Fund	129,198

**Special Grant Fund:**

Federal Aid	576,580
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**Total** \$ 705,778

**Note 5 - Due from Other Governments**

Other government receivables accrued by the City at December 31, 2011 include the following:

**General Fund:**

Niagara County Sales Tax	\$ 1,245,763
<b>Total</b>	<u><u>\$ 1,245,763</u></u>

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements  
December 31, 2011**

**Note 6 - Capital Assets**

Capital asset activity for the year ended December 31, 2011 was as follows:

<u>Type</u>	<u>Balance At January 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance At December 31, 2011</u>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 4,400,350	\$ -	\$ -	\$ 4,400,350
Work in Progress	7,076,524	4,072,737	-	11,149,261
<b>Total Capital Assets not being Depreciated</b>	<b>\$ 11,476,874</b>	<b>\$ 4,072,737</b>	<b>\$ -</b>	<b>\$ 15,549,611</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Improvements	10,946,123	-	-	10,946,123
Machinery and Equipment	8,734,508	-	-	8,734,508
Transportation Network	13,451,020	-	-	13,451,020
Water Treatment and Distribution Network	8,897,001	-	-	8,897,001
Sanitary Sewer Network	42,119,179	-	-	42,119,179
<b>Total Capital Assets Being Depreciated</b>	<b>84,147,831</b>	<b>-</b>	<b>-</b>	<b>84,147,831</b>
<b>Less: Accumulated Depreciation for:</b>				
Buildings and Improvements	2,849,961	109,461	-	2,959,422
Machinery and Equipment	4,004,816	448,331	-	4,453,147
Transportation Network	2,963,741	1,052,944	-	4,016,685
Water Treatment and Distribution Network	3,751,524	173,281	-	3,924,805
Sanitary Sewer Network	22,793,731	1,062,231	-	23,855,962
<b>Total Accumulated Depreciation</b>	<b>36,363,773</b>	<b>2,846,248</b>	<b>-</b>	<b>39,210,021</b>
<b>Total Assets Being Depreciated, Net</b>	<b>\$ 47,784,058</b>	<b>\$ (2,846,248)</b>	<b>\$ -</b>	<b>\$ 44,937,810</b>



## CITY OF NORTH TONAWANDA, NEW YORK

### Notes to the Financial Statements December 31, 2011

#### **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:

	<b><u>ERS</u></b>	<b><u>PFRS</u></b>
2011	\$ 1,068,937	\$ 1,469,192
2010	666,716	1,493,548
2009	763,960	1,431,035

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, 2011

### 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 no BAN payable.

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

### Note 9 - Long-term Debt

- a. At December 31, 2011 the total outstanding long-term bond indebtedness of the City aggregated \$13,905,000. Of this amount, \$10,610,000 was subject to the constitutional debt limit and represented approximately 18.8% 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, 2011:

Serial Bonds	\$ 13,905,000
NYS Retirement System	1,981,058
Compensated Absences	<u>1,332,902</u>
	<u><b>\$ 17,218,960</b></u>

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements  
December 31, 2011**

**Note 9 - Long-term Debt (Cont.)**

a. The following is a summary of changes in long-term liabilities for the year ended December 31, 2011:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>
Balance at January 1, 2011	\$ 12,710,000	\$ 539,664	\$ 1,294,957
Additions	3,275,000	1,736,330	37,945
Deletions	<u>(2,080,000)</u>	<u>(294,936)</u>	<u>-</u>
<b>Balance at December 31, 2011</b>	<b><u>\$ 13,905,000</u></b>	<b><u>\$ 1,981,058</u></b>	<b><u>\$ 1,332,902</u></b>

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, 2011**

**Note 9 - Long-term Debt (Cont.)**

a. Maturity Schedule

The following schedule sets forth the remaining annual maturities of long-term debt by debt type at December 31, 2011:

<u>Year</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Total</u>
2012	\$ 2,170,000	\$ 477,154	\$ 2,647,154
2013	1,945,000	403,217	2,348,217
2014	1,770,000	346,712	2,116,712
2015	1,410,000	291,137	1,701,137
2016	1,240,000	245,726	1,485,726
2017-2021	4,430,000	629,337	5,059,337
2022-2026	940,000	83,550	1,023,550
<b>Total</b>	<b>\$ 13,905,000</b>	<b>\$ 2,476,833</b>	<b>\$ 16,381,833</b>

**Note 10 - Interfund Receivables and Payables**

Interfund receivables and payables at December 31, 2011 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 296,284	\$ -
Capital Projects Fund	-	276,084
Special Grant	-	20,200
	<b>\$ 296,284</b>	<b>\$ 296,284</b>

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements  
December 31, 2011**

**Note 11 - Fund Balance**

Restricted Fund Balances are as follows:

<b><u>Fund</u></b>	<b><u>Balance</u></b>
General Fund - Retirement <i>Reported</i>	\$ 557,034
General Fund - Reserve for Insurance	400,000
General Fund - Reserve for Workers' Compensation	600,000
Special Grant Fund	52,251
Sewer Fund	1,267,751
Water Fund	856,984
Capital Fund	1,607,977
<b>Total</b>	<b><u>\$ 5,341,997</u></b>

Assigned Fund Balances are as follows:

<b><u>Governmental Fund Type</u></b>	<b><u>Balance</u></b>
General Fund - Encumbrances	\$ 452,677
General Fund - Appropriated	1,000,000
Sewer Fund - Encumbrances	8,281
Water Fund - Encumbrances	47,637
<b>Total</b>	<b><u>\$ 1,508,595</u></b>

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements**

**December 31, 2011**

**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, 2011

#### **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 2011, the City contributed approximately \$1,195,189 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, 2011

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

***Funded Status and Funding Progress*** - The schedule of funding progress presents multiyear (when available) trend information that is useful in determining whether the actuary's value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of June 17, 2011 the latest valuation date.

**Actuarial Accrued Liability (AAL)**

Actuarial accrued liability	\$ 39,490,505
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>39,490,505</u>
Funded ratio	<u>0%</u>
Annual covered payroll	<u>13,939,039</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>283.31%</u>
2011 normal cost	<u>461,779</u>



**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements**

**December 31, 2011**

**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	\$ 39,490,505
Amortization period (years)	30
Amortization discount rate	1.94175%
Present value factor	23.0153
2011 UAAL amortization amount	1,726,391

***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 2011:

Normal cost	\$ 461,779
Amortization of UAAL	1,726,391
Interest	-
ARC	2,188,170
Interest on OPEB obligation	-
Adjustment to ARC	-
OPEB expense	<u>\$ 2,188,170</u>

**CITY OF NORTH TONAWANDA, NEW YORK**

**Notes to the Financial Statements  
December 31, 2011**

**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 2011:

Net OPEB obligation at beginning of year	\$ 3,685,962
2011 OPEB expense	2,188,170
2011 OPEB contributions	<u>(1,195,189)</u>
Net OPEB obligation at end of year	4,678,943
Less: estimated current portion of OPEB obligation	<u>-</u>
Estimated long-term portion of OPEB obligation	<u>\$ 4,678,943</u>
Percentage of expense contributed	<u>54.60%</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, 2011**

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

*Actuarial Methods and Assumptions (Cont.)* - The measurement date for the calculation was December 31<sup>st</sup> 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>
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 May 31, 2012 (the date the financial statements were available to be issued).

\* \* \* \* \*

## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

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

**For the Year Ended December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Real Property Taxes</b>				
A1001.	Real Property Taxes	\$ 15,681,321	\$ 15,668,878	\$ (12,443)	\$ 14,951,049
	<b>Real Property Tax Items</b>				
A1050.	Unneeded Reserve for Uncollected Taxes	870,000	791,778	(78,222)	946,740
A1081.	Other Payments in Lieu of Taxes	200,000	116,124		
	(Shelter Tax Rent)	-	-	-	179,828
A1090.	Interest and Penalties on Taxes	190,000	249,301	59,301	191,648
	<b>Total Real Property Tax Items</b>	<u>1,260,000</u>	<u>1,157,203</u>	<u>(18,921)</u>	<u>1,318,216</u>
	<b>Nonproperty Tax Items</b>				
A1120.	Sales Tax (from County)	7,400,000	7,428,278	28,278	7,366,462
A1130.	Utilities Gross Receipts Tax	950,000	877,551	(72,449)	855,586
A1170.	Franchises	350,000	401,935	51,935	389,111
	<b>Total Nonproperty Tax Items</b>	<u>8,700,000</u>	<u>8,707,764</u>	<u>7,764</u>	<u>8,611,159</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

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

**For the Year Ended December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Departmental Income</b>				
A1230.	Treasurer's Fees	\$ 155,000	\$ 125,008	\$ (29,992)	\$ 136,565
A1231.	Treasurer's Tax Search Fees	20,000	22,097	2,097	23,465
A1235.	Reimbursement for Tax Sale				
	Advertising Expenses	2,500	2,130	(370)	2,088
A1255.	City Clerk's Fees	2,000	1,535	(465)	791
A1520.	Police Department Fees	8,000	3,667	(4,333)	3,028
A1540.	Fire Fees	-	3,200	3,200	-
A1550.	Public Pound Charges	700	870	170	650
A1560	Engineering Bids	-	400	400	467
A1603	Vital Statistics Fees	30,000	23,885	(6,115)	23,972
A1710	Public Works Services	4,000	12,107	8,107	2,850
A1980.	Public Market Fees and Charges	38,000	43,033	5,033	38,975
A1989.	Special Assessments	65,000	148,214	83,214	222,421
A2001.	Park and Recreation Charges	55,750	56,070	320	53,548
A2002.	Park Permits	10,500	11,390	890	10,830
A2003.	Tree Planting Program	1,750	1,490	(260)	2,660
A2004.	Boat Launch Permits	13,000	12,180	(820)	12,105
A2005.	Canal Festival	16,000	14,000	(2,000)	14,000
A2012.	Recreation Concessions	210,000	185,003	(24,997)	211,629
A2050.	Golf Charges	900,000	710,782	(189,218)	828,405
A2110.	Zoning Board Fees	2,500	2,650	150	2,160
A2130.	Refuse and Garbage	1,960	8,850	6,890	993
A2189	Belmont Shelter Rent	-	1,750	1,750	1,750
	<b>Total Departmental Income</b>	<u>1,536,660</u>	<u>1,390,311</u>	<u>(146,349)</u>	<u>1,593,352</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

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

**For the Year Ended December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Intergovernmental Charges</b>				
A2210.	Tax and Assessments Services for Other Governments (N.T. School System)	\$ 4,500	\$ 5,000	\$ 500	\$ 4,537
A2220.	County Aid - Civil Service Charges	17,000	11,522	(5,478)	12,716
A2261.	County Aid - Drunk Driving Program	37,000	29,816	(7,184)	30,515
A2357.	County Aid - Nutrition	2,400	2,431	31	2,431
A2359.	County Aid - Youth Court	3,500	7,546	4,046	6,429
A2376.	Department of Public Works Recycling	<u>25,000</u>	<u>18,687</u>	<u>(6,313)</u>	<u>22,367</u>
	<b>Total Intergovernmental Charges</b>	<u>89,400</u>	<u>75,002</u>	<u>(14,398)</u>	<u>78,995</u>
	<b>Use of Money and Property</b>				
A2401.	Interest and Earnings	20,000	25,514	5,514	24,971
A2402.	Interest Earned Capital	35,000	45,168	10,168	10,697
A2410.	Rentals on Real Property	80,000	80,309	309	130,418
A2410.	Rentals on Real Property	-	3,333	3,333	-
A2450.	Commissions - Telephone	<u>500</u>	<u>818</u>	<u>318</u>	<u>926</u>
	<b>Total Use of Money and Property</b>	<u>135,500</u>	<u>155,142</u>	<u>19,642</u>	<u>167,012</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)  
For the Year Ended December 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Licenses and Permits</b>				
A2501.	Business Licenses	\$ 2,500	\$ 2,009	\$ (491)	\$ 2,261
A2502.	Occupational Licenses	-	-	-	-
A2505.	Marriage Licenses	3,500	3,465	(35)	3,946
A2506.	Hunting and Fishing Licenses	2,000	1,759	(241)	1,567
A2508.	Trailer Licenses	-	-	-	2
A2540.	Bingo Licenses	5,000	3,682	(1,318)	3,883
A2541.	Games of Chance Licenses	500	659	159	235
A2542.	Dog Licenses	20,000	19,545	(455)	14,826
A2553.	Car Dealership License	2,000	2,000	-	2,000
A2554.	Contractor Licenses	56,000	58,500	2,500	57,200
A2555.	Building Alteration Permits	110,000	147,850	37,850	152,113
A2565.	Plumbing Licenses	11,000	8,350	(2,650)	7,350
A2566.	Plumbing Permits	37,000	41,235	4,235	45,435
A2567.	Electrical Permits	50,000	42,990	(7,010)	52,808
A2590.	Grading Permits	<u>1,000</u>	<u>1,100</u>	<u>100</u>	<u>1,050</u>
	<b>Total Licenses and Permits</b>	<u>300,500</u>	<u>333,144</u>	<u>32,644</u>	<u>344,676</u>
	<b>Fines and Forfeitures</b>				
A2610.	Fines and Forfeited Bail	<u>275,000</u>	<u>204,332</u>	<u>(70,668)</u>	<u>240,441</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

**Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)  
For the Year Ended December 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Sale of Property and Compensation for Loss</b>				
A2650.	Sale of Scrap and Excess Materials	\$ 5,000	\$ 13,990	\$ 8,990	\$ 33,629
A2655.	Minor Sales, Other	100	-	(100)	20
A2660.	Sale of Real Property	100,000	104,070	4,070	227,551
A2680.	Insurance Recoveries - Workers' Compensation	160,000	262,173	102,173	266,405
A2690.	Other Compensation for Loss	5,000	1,526	(3,474)	29,244
	<b>Total Sale of Property and Compensation for Loss</b>	<u>270,100</u>	<u>381,759</u>	<u>111,659</u>	<u>556,849</u>
	<b>Miscellaneous Local Sources</b>				
A2701.	Refunds of Prior Years' Expenditures	2,000	3,133	1,133	872
A2770.	Other Unclassified Revenues	20,000	4,494	(15,506)	26,061
	<b>Total Miscellaneous Local Sources</b>	<u>22,000</u>	<u>7,627</u>	<u>(14,373)</u>	<u>26,933</u>
	<b>Interfund Revenues</b>				
A2801.	Interfund Revenues - Gibbons	-	-	-	101,022
A2802.	Interfund Revenues - Grants	75,000	75,000	-	35,000
	<b>Total Interfund Revenues</b>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>136,022</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

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

**For the Year Ended December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>State Aid - General</b>				
A3001.	Per Capita	\$ 4,472,784	\$ 4,335,111	\$ (137,673)	\$ 4,423,583
A3005.	Mortgage Taxes	290,000	272,746	(17,254)	283,841
A3089	State Aid - Court System	250,000	399,055	149,055	177,273
A3310.	State Aid - Police	100,000	31,427	(68,573)	48,396
A3312.	State Aid - Fire	3,500	3,000	(500)	-
A3589.	Highway Maintenance	<u>120,000</u>	<u>123,171</u>	<u>3,171</u>	<u>123,171</u>
	<b>Total State Aid - General</b>	<u>5,236,284</u>	<u>5,164,510</u>	<u>(71,774)</u>	<u>5,056,264</u>
	<b>State Aid - Culture and Recreation</b>				
A3820.	Youth Projects (Recreation)	5,482	-	(5,482)	-
A3821.	Youth Projects (Youth Board)	13,350	27,003	13,653	35,305
A3822.	Youth Projects	<u>38,200</u>	<u>-</u>	<u>(38,200)</u>	<u>-</u>
	<b>Total State Aid - Culture and Recreation</b>	<u>57,032</u>	<u>27,003</u>	<u>(30,029)</u>	<u>35,305</u>
	<b>Total State Aid</b>	<u>5,293,316</u>	<u>5,191,513</u>	<u>(101,803)</u>	<u>5,091,569</u>

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**CITY OF NORTH TONAWANDA, NEW YORK**

**GENERAL FUND**

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

**For the Year Ended December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Federal Aid</b>				
A4320.	Federal Aid - COPS	\$ -	\$ -	\$ -	\$ 15,922
A4341.	Federal Aid - Disaster	13,000	26,266	13,266	15,373
	<b>Total Federal Aid</b>	<u>13,000</u>	<u>26,266</u>	<u>13,266</u>	<u>31,295</u>
	<b>Proceeds from Long Term Obligations</b>				
A5710.	Bond Proceeds	-	-	-	-
<b>TOTAL GENERAL FUND REVENUES</b>		<u>33,651,797</u>	<u><b>\$ 33,373,941</b></u>	<u><b>\$ (193,980)</b></u>	<u><b>\$ 33,147,568</b></u>
Appropriated Encumbrances		420,788			
Appropriated Fund Balance		<u>1,220,000</u>			
<b>TOTAL REVENUE AND RESERVES</b>		<u><b>\$ 35,292,585</b></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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
<b>General Government Support</b>						
<b>Legislative</b>						
A1010.	Common Council					
.1	Personal Services	\$ 40,500	\$ 40,332	\$ -	\$ 168	\$ 40,500
.4	Contractual Expenses	450	88		362	373
	<b>Total Legislative</b>	<u>40,950</u>	<u>40,420</u>	<u>-</u>	<u>530</u>	<u>40,873</u>
<b>Executive</b>						
A1210.	Mayor					
.1	Personal Services	129,405	129,405	-	-	128,855
.4	Contractual Expenses	11,995	9,407	66	2,522	12,718
	<b>Total Executive</b>	<u>141,400</u>	<u>138,812</u>	<u>66</u>	<u>2,522</u>	<u>141,573</u>
<b>Finance</b>						
A1315.	Accountant (Comptroller)					
.1	Personal Services	173,853	173,853	-	-	159,608
.4	Contractual Expenses	10,562	10,562	-	-	11,239
	<b>Total Accountant</b>	<u>184,415</u>	<u>184,415</u>	<u>-</u>	<u>-</u>	<u>170,847</u>
A1320.	Auditor					
.4	Contractual Expenses	21,350	21,350	-	-	23,600

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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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 147,709	\$ 139,153	\$ -	\$ 8,556	\$ 142,518
.4	Contractual Expenses	<u>17,150</u>	<u>14,708</u>	<u>6,000</u>	<u>(3,558)</u>	<u>13,287</u>
	Total Treasurer	<u>164,859</u>	<u>153,861</u>	<u>6,000</u>	<u>4,998</u>	<u>155,805</u>
A1355.	Assessment					
.1	Personal Services	231,786	225,720	-	6,066	227,746
.2	Equipment	-	-	-	-	11,353
.4	Contractual Expenses	<u>27,995</u>	<u>14,937</u>		<u>13,058</u>	<u>23,717</u>
	Total Assessment	<u>259,781</u>	<u>240,657</u>	<u>-</u>	<u>19,124</u>	<u>262,816</u>
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	<u>2,500</u>	<u>2,130</u>	<u>-</u>	<u>370</u>	<u>2,088</u>
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	<u>14,000</u>	<u>12,780</u>	<u>-</u>	<u>1,220</u>	<u>12,528</u>
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	<u>495,000</u>	<u>427,251</u>	<u>-</u>	<u>67,749</u>	<u>421,077</u>
	<b>Total Finance</b>	<u>1,141,905</u>	<u>1,042,444</u>	<u>6,000</u>	<u>93,461</u>	<u>1,048,761</u>

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**CITY OF NORTH TONAWANDA, NEW YORK  
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**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)  
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With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Staff</b>					
A1410.	City Clerk					
.1	Personal Services	\$ 161,542	\$ 153,228	\$ -	\$ 8,314	\$ 167,978
.4	Contractual Expenses	<u>22,778</u>	<u>21,827</u>	<u>212</u>	<u>739</u>	<u>20,558</u>
	Total City Clerk	<u>184,320</u>	<u>175,055</u>	<u>212</u>	<u>9,053</u>	<u>188,536</u>
A1420.	Law					
.1	Personal Services	159,417	159,417	1,087	(1,087)	158,933
.4	Contractual Expenses	<u>26,273</u>	<u>19,371</u>	<u>502</u>	<u>6,400</u>	<u>21,011</u>
	Total Law	<u>185,690</u>	<u>178,788</u>	<u>1,589</u>	<u>5,313</u>	<u>179,944</u>
A1440.	Engineer					
.1	Personal Services	245,013	245,013	-	-	240,679
.4	Contractual Expenses	<u>12,200</u>	<u>10,593</u>	<u>1,000</u>	<u>607</u>	<u>12,439</u>
	Total Engineer	<u>257,213</u>	<u>255,606</u>	<u>1,000</u>	<u>607</u>	<u>253,118</u>
A1450.	Elections					
.4	Contractual Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695</u>
	Total Elections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<b>Account Number</b>	<b>Account Name</b>	<b>Budget</b>	<b>Actual</b>	<b>Encumbrance</b>	<b>Variance</b>	<b>2010 Actual</b>
A1490.	Public Works Administration					
.1	Personal Services	\$ 411,162	\$ 401,746	\$ -	\$ 9,416	\$ 435,306
.4	Contractual Expenses	49,232	47,796	757	679	45,447
	Total Public Works Administration	460,394	449,542	757	10,095	480,753
	<b>Total Staff</b>	<b>1,087,617</b>	<b>1,058,991</b>	<b>3,558</b>	<b>25,068</b>	<b>1,103,046</b>
	<b>Shared Services</b>					
A1620.	Buildings					
.1	Personal Services	280,194	280,194	-	-	273,540
.2	Equipment	-	-	-	-	-
.4	Contractual Expenses	209,350	209,318	-	32	204,729
	Total Buildings	489,544	489,512	-	32	478,269
A1670.	Central Printing and Mailing					
.2	Equipment	10,000	5,721	-	4,279	7,464
.4	Contractual Expenses	47,300	35,325	3,546	8,429	51,210
	Total Central Printing and Mailing	57,300	41,046	3,546	12,708	58,674
	<b>Total Shared Services</b>	<b>546,844</b>	<b>530,558</b>	<b>3,546</b>	<b>12,740</b>	<b>536,943</b>

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**CITY OF NORTH TONAWANDA, NEW YORK  
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**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)  
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With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
<b>Special Items</b>						
A1910 .4	Unallocated Insurance	\$ 264,112	\$ 163,416	\$ 157,270	\$ (56,574)	\$ 167,832
A1920 .1	Hospitalization Waiver	65,000	46,631	-	18,369	46,556
A1930 .4	Judgments and Claims	425,986	425,986	-	-	178,691
A1941 .4	Easements and Rights of Way	9,000	4,220	-	4,780	236
A1950 .4	Taxes on City Property	60,000	25,560	-	34,440	68,609
A1980 .4	Provisions for Reserve for Uncollected Taxes	<u>800,000</u>	<u>547,017</u>	<u>-</u>	<u>252,983</u>	<u>683,959</u>
<b>Total Special Items</b>		<u>1,624,098</u>	<u>1,212,830</u>	<u>157,270</u>	<u>253,998</u>	<u>1,145,883</u>
<b>Total General Government Support</b>		<u>4,582,814</u>	<u>4,024,055</u>	<u>170,440</u>	<u>388,319</u>	<u>4,017,079</u>
<b>Public Safety</b>						
A3120.	<b>Police</b>					
.1	Personal Services	4,617,327	4,597,492	-	19,835	4,639,450
.2	Equipment	56,903	28,050	-	28,853	47,060
.4	Contractual Expenses	<u>320,567</u>	<u>263,689</u>	<u>3,977</u>	<u>52,901</u>	<u>270,175</u>
<b>Total Police</b>		<u>4,994,797</u>	<u>4,889,231</u>	<u>3,977</u>	<u>101,589</u>	<u>4,956,685</u>

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**Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)  
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<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
A3310.	<b>Traffic Control</b>					
.1	Personal Services	\$ 318,870	\$ 317,488	\$ -	\$ 1,382	\$ 309,780
.4	Contractual Expenses	<u>117,421</u>	<u>111,501</u>	<u>5,920</u>	<u>-</u>	<u>113,503</u>
	<b>Total Traffic Control</b>	<u>436,291</u>	<u>428,989</u>	<u>5,920</u>	<u>1,382</u>	<u>423,283</u>
A3410.	<b>Fire Department</b>					
.1	Personal Services	3,334,259	3,334,259	-	-	3,082,178
.2	Equipment	47,724	31,129	15,189	1,406	29,340
.4	Contractual Expenses	<u>388,365</u>	<u>366,361</u>	<u>11,851</u>	<u>10,153</u>	<u>320,760</u>
	<b>Total Fire Department</b>	<u>3,770,348</u>	<u>3,731,749</u>	<u>27,040</u>	<u>11,559</u>	<u>3,432,278</u>
A3510.	<b>Control of Animals</b>					
.4	Contractual Expenses	<u>57,750</u>	<u>50,157</u>	<u>-</u>	<u>7,593</u>	<u>48,696</u>
A3620.	<b>Safety Inspection</b>					
.1	Personal Services	257,918	251,252	-	6,666	247,952
.2	Equipment	-	-	-	-	11,093
.4	Contractual Expenses	<u>27,500</u>	<u>22,371</u>	<u>-</u>	<u>5,129</u>	<u>18,256</u>
	<b>Total Safety Inspection</b>	<u>285,418</u>	<u>273,623</u>	<u>-</u>	<u>11,795</u>	<u>277,301</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<b>Account Number</b>	<b>Account Name</b>	<b>Budget</b>	<b>Actual</b>	<b>Encumbrance</b>	<b>Variance</b>	<b>2010 Actual</b>
A3640.	<b>Emergency Management</b>					
.1	Personal Services	\$ 11,750	\$ 11,736	\$ -	\$ 14	\$ 9,674
.2	Equipment	1,402	200	1,202	-	1,546
.4	Contractual Expenses	13,343	9,822	1,133	2,388	8,028
	<b>Total Emergency Management</b>	<u>26,495</u>	<u>21,758</u>	<u>2,335</u>	<u>2,402</u>	<u>19,248</u>
A3650.	<b>Building Demolition</b>					
.4	Contractual Expenses	36,000	16,225	42,950	(23,175)	7,400
	<b>Total Public Safety</b>	<u>9,607,099</u>	<u>9,411,732</u>	<u>82,222</u>	<u>113,145</u>	<u>9,164,891</u>
	<b>Transportation</b>					
A5110.	<b>Streets Maintenance</b>					
.1	Personal Services	1,986,294	1,986,294	-	-	2,200,158
.2	Equipment	11,710	10,368	840	502	10,921
.4	Contractual Expenses	891,623	797,740	66,356	27,527	914,966
	<b>Total Streets Maintenance</b>	<u>2,889,627</u>	<u>2,794,402</u>	<u>67,196</u>	<u>28,029</u>	<u>3,126,045</u>
A5142.	<b>Snow and Ice Control</b>					
.1	Personal Services	27,135	27,135	-	-	27,135
.4	Contractual Expenses	323,486	323,486	-	-	209,290
	<b>Total Snow and Ice Control</b>	<u>350,621</u>	<u>350,621</u>	<u>-</u>	<u>-</u>	<u>236,425</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
A5182.	<b>Street Lighting</b>					
.4	Contractual Expenses	\$ 680,000	\$ 668,645	\$ -	\$ 11,355	\$ 674,964
	<b>Total Transportation</b>	<u>3,920,248</u>	<u>3,813,668</u>	<u>67,196</u>	<u>39,384</u>	<u>4,037,434</u>
	<b>Economic Opportunity and Development</b>					
A6520.	<b>Public Market</b>					
.1	Personal Services	9,094	9,094	-	-	6,000
.4	Contractual Expenses	<u>1,300</u>	<u>444</u>	<u>345</u>	<u>511</u>	<u>885</u>
	<b>Total Public Market</b>	<u>10,394</u>	<u>9,538</u>	<u>345</u>	<u>511</u>	<u>6,885</u>
A6772.	<b>Programs for Aging</b>					
.1	Personal Services	36,420	32,021	-	4,399	54,057
.4	Contractual Expenses	<u>27,300</u>	<u>24,953</u>	<u>-</u>	<u>2,347</u>	<u>26,954</u>
	<b>Total Programs for Aging</b>	<u>63,720</u>	<u>56,974</u>	<u>-</u>	<u>6,746</u>	<u>81,011</u>
	<b>Total Economic Opportunity and Development</b>	<u>74,114</u>	<u>66,512</u>	<u>345</u>	<u>7,257</u>	<u>87,896</u>
	<b>Culture and Recreation</b>					
A7010.	<b>Council on Arts</b>					
.4	Contractual Expenses	<u>8,001</u>	<u>8,001</u>	<u>58</u>	<u>(58)</u>	<u>6,679</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
A7020.	<b>Recreation Administration</b>					
.1	Personal Services	\$ 169,492	\$ 169,492	\$ -	\$ -	\$ 145,119
.4	Contractual Expenses	<u>13,000</u>	<u>10,834</u>	<u>-</u>	<u>2,166</u>	<u>12,065</u>
	<b>Total Recreation Administration</b>	<u>182,492</u>	<u>180,326</u>	<u>-</u>	<u>2,166</u>	<u>157,184</u>
A7110.	<b>Parks</b>					
.1	Personal Services	346,436	344,978	-	1,458	348,075
.4	Contractual Expenses	<u>151,100</u>	<u>150,231</u>	<u>-</u>	<u>869</u>	<u>160,947</u>
	<b>Total Parks</b>	<u>497,536</u>	<u>495,209</u>	<u>-</u>	<u>2,327</u>	<u>509,022</u>
A7140.	<b>Playground and Recreation Centers</b>					
.1	Personal Services	125,883	125,883	-	-	118,195
.2	Equipment	4,500	4,500	-		8,257
.4	Contractual Expenses	<u>40,900</u>	<u>40,169</u>	<u>101</u>	<u>630</u>	<u>40,938</u>
	<b>Total Playground and Recreation Centers</b>	<u>171,283</u>	<u>170,552</u>	<u>101</u>	<u>630</u>	<u>167,390</u>
A7180.	<b>Swimming Pools</b>					
.1	Personal Services	56,000	51,645	-	4,355	54,811
.4	Contractual Expenses	<u>32,050</u>	<u>27,420</u>	<u>-</u>	<u>4,630</u>	<u>34,653</u>
	<b>Total Swimming Pools</b>	<u>88,050</u>	<u>79,065</u>	<u>-</u>	<u>8,985</u>	<u>89,464</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<b>Account Number</b>	<b>Account Name</b>	<b>Budget</b>	<b>Actual</b>	<b>Encumbrance</b>	<b>Variance</b>	<b>2010 Actual</b>
A7250.	<b>Golf Course</b>					
.1	Personal Services	\$ 423,234	\$ 423,234	\$ -	\$ -	\$ 494,575
.4	Contractual Expenses	245,480	228,498	3,092	13,890	228,834
	<b>Total Golf Course</b>	<u>668,714</u>	<u>651,732</u>	<u>3,092</u>	<u>13,890</u>	<u>723,409</u>
A7310.	<b>Youth Activities or Agencies</b>					
.1	Personal Services	90,016	82,982	-	7,034	87,227
.4	Contractual Expenses	65,330	64,912	-	418	57,950
	<b>Total Youth Activities or Agencies</b>	<u>155,346</u>	<u>147,894</u>	<u>-</u>	<u>7,452</u>	<u>145,177</u>
A7989.	<b>Gateway Harbor</b>					
.1	Personal Services	22,588	22,588	-	-	-
.4	Contractual Expenses	1,000	994	-	6	-
	<b>Total Gateway Harbor</b>	<u>23,588</u>	<u>23,582</u>	<u>-</u>	<u>6</u>	<u>-</u>
	<b>Total Culture and Recreation</b>	<u>1,795,010</u>	<u>1,756,361</u>	<u>3,251</u>	<u>35,398</u>	<u>1,798,325</u>
	<b>Home and Community Services</b>					
A8010.	<b>Zoning Board of Appeals</b>					
.1	Personal Services	5,220	5,100	-	120	4,680
.4	Contractual Expenses	500	-	-	500	814
	<b>Total Zoning Board of Appeals</b>	<u>5,720</u>	<u>5,100</u>	<u>-</u>	<u>620</u>	<u>5,494</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
A8020.	<b>Planning Commission</b>					
.1	Personal Services	126,130	92,750	-	33,380	126,726
.4	Contractual Expenses	21,031	21,031	-	-	3,803
	<b>Total Planning Commission</b>	<u>147,161</u>	<u>113,781</u>	<u>-</u>	<u>33,380</u>	<u>130,529</u>
A8160.	<b>Garbage/Waste Collection</b>					
.1	Personal Services	\$ 775,191	\$ 732,862	\$ -	\$ 42,329	\$ 652,444
.4	Contractual Expenses	711,532	596,530	94,223	20,779	547,111
	<b>Total Garbage/Waste Collection</b>	<u>1,486,723</u>	<u>1,329,392</u>	<u>94,223</u>	<u>63,108</u>	<u>1,199,555</u>
A8760.	<b>Emergency Disaster Work</b>					
.4	Contractual Expenses	-	-	-	-	-
	<b>Total Home and Community Services</b>	<u>1,639,604</u>	<u>1,448,273</u>	<u>94,223</u>	<u>97,108</u>	<u>1,335,578</u>
	<b>Undistributed Employee Benefits</b>					
A9010.	State Retirement	1,070,000	757,545	-	312,455	645,877
A9015.	Fire and Police Retirement	1,698,420	1,469,192	-	229,228	1,514,384
A9030.	Social Security	1,235,000	1,089,147	-	145,853	1,077,805
A9040.	Workers' Compensation	1,240,000	1,125,584	-	114,416	986,633
A9045.	Life Insurance	50,000	19,646	-	30,354	20,207
A9050.	Unemployment Insurance	110,000	20,909	35,000	54,091	29,125
A9060.	Hospital and Medical Insurance	5,370,000	4,837,570		532,430	4,544,514
	<b>Total Employee Benefits</b>	<u>10,773,420</u>	<u>9,319,593</u>	<u>35,000</u>	<u>1,418,827</u>	<u>8,818,545</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Debt Service - Principal</b>					
A9710.6	Principal on Serial Bonds	<del>\$</del> 1,649,000	1,629,000	-	20,000	1,968,700
A9736	Principal on BAN	251,000	251,000	-	-	-
	<b>Total Debt Service - Principal</b>	<u>1,900,000</u>	<u>1,880,000</u>	<u>-</u>	<u>20,000</u>	<u>1,968,700</u>
	<b>Debt Service - Interest</b>					
A9710.7	Interest on Serial Bonds	<del>\$</del> 387,276	\$ 308,274	<del>\$</del> -	<del>\$</del> 79,002	<del>\$</del> 402,066
A9737.7	Interest on Bond Anticipation Notes	73,000	22,762	-	50,238	-
A9760.7	Interest on Tax Anticipation Notes	70,000	12,734	-	57,266	13,956
A9770.7	Interest on Revenue Anticipation Notes	30,000	-	-	30,000	4,146
	<b>Total Debt Service - Interest</b>	<u>560,276</u>	<u>343,770</u>	<u>-</u>	<u>216,506</u>	<u>420,168</u>
	<b>Transfers To Other Funds</b>					
A9901.0	Transfer to Sewer Fund	300,000	300,000	-	-	188,324
A9902.0	Transfer to Capital - Golf	-	-	-	-	86,832
A9903.0	Transfer to Water Fund	140,000	140,000	-	-	166,324
	<b>Total Transfers to Other Funds</b>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>	<u>441,480</u>
	<b>Total Undistributed</b>	<u>13,673,696</u>	<u>11,983,363</u>	<u>35,000</u>	<u>1,655,333</u>	<u>11,648,893</u>
	<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u>\$35,292,585</u>	<u>\$32,503,964</u>	<u>\$ 452,677</u>	<u>\$ 2,335,943</u>	<u>\$32,090,096</u>

**CITY OF NORTH TONAWANDA, NEW YORK**

**SPECIAL GRANT FUND**

**Balance Sheets**

**December 31, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

	<b>Special Grant Fund</b>	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Totals Memorandum Only</b>	
				<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b><u>ASSETS</u></b>					
Unrestricted Cash	\$ 480,736	\$ 563,272	\$ 386,360	\$ 1,430,368	\$ 809,535
<b>Receivables:</b>					
Water Rents	-	-	554,396	554,396	536,348
Sewer Rents	-	820,786	-	820,786	815,988
Accounts	152,397	-	-	152,397	144,017
Loans	8,951	-	-	8,951	11,226
State and Federal Aid	576,580	-	-	576,580	611,462
Due from Other Funds	-	-	-	-	125,000
Prepaid Expenses	-	45,430	32,068	77,498	72,311
<b>Total Assets</b>	<b>\$ 1,218,664</b>	<b>\$ 1,429,488</b>	<b>\$ 972,824</b>	<b>\$ 3,620,976</b>	<b>\$ 3,125,887</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 2,655	\$ 98,971	\$ 29,998	\$ 131,624	\$ 165,646
Accrued Liabilities	-	54,485	38,205	92,690	100,822
FSS Escrow - PIIA	-	-	-	-	34,277
Due to Other Funds	20,200	-	-	20,200	580,000
Due to Other Governments	410,023	-	-	410,023	377,292
Deferred Revenue	733,535	-	-	733,535	766,337
Total Liabilities	<u>1,166,413</u>	<u>153,456</u>	<u>68,203</u>	<u>1,388,072</u>	<u>2,024,374</u>
<b>Fund Equity:</b>					
<b>Fund Balance:</b>					
Non-spendable	-	-	-	-	44,743
Restricted	52,251	1,267,751	856,984	2,176,986	72,311
Committed	-	-	-	-	-
Assigned	-	8,281	47,637	55,918	-
Unassigned	-	-	-	-	984,459
Total Fund Equity	<u>52,251</u>	<u>1,276,032</u>	<u>904,621</u>	<u>2,232,904</u>	<u>1,101,513</u>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,218,664</b>	<b>\$ 1,429,488</b>	<b>\$ 972,824</b>	<b>\$ 3,620,976</b>	<b>\$ 3,125,887</b>

**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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

	<b>Special Grant Fund</b>	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Totals Memorandum Only</b>	
				<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Revenues:</b>					
Departmental Income	\$ 19,819	\$ 4,260,795	\$ 2,895,634	\$ 7,176,248	\$ 7,082,474
Use of Money and Property	14	156,732	36,474	193,220	178,992
Sale of Property and Compensation for Loss	-	8,346	36,189	44,535	54,265
Miscellaneous	-	-	-	-	22,864
State Aid	-	-	2,030	2,030	14,000
Federal Aid	3,392,021	-	-	3,392,021	3,188,991
Total Revenues	<u>3,411,854</u>	<u>4,425,873</u>	<u>2,970,327</u>	<u>10,808,054</u>	<u>10,541,586</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Governmental Support	76,220	6,004	2,793	85,017	43,318
Home and Community Services	3,362,318	2,819,403	1,706,041	7,887,762	8,167,351
Employee Benefits	-	883,646	604,680	1,488,326	1,442,396
Debt Service - Principal	-	255,000	251,000	506,000	546,300
Debt Service - Interest	-	93,253	56,305	149,558	184,636
Total Expenditures	<u>3,438,538</u>	<u>4,057,306</u>	<u>2,620,819</u>	<u>10,116,663</u>	<u>10,384,001</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,684)</u>	<u>368,567</u>	<u>349,508</u>	<u>691,391</u>	<u>157,585</u>
<b>Other Sources and (Uses):</b>					
Transfer from Other Funds	-	300,000	140,000	440,000	354,647
Transfer to Other Funds	-	-	-	-	-
Total Other Sources and (Uses)	<u>-</u>	<u>300,000</u>	<u>140,000</u>	<u>440,000</u>	<u>354,647</u>
Net Change in Fund Balances	(26,684)	668,567	489,508	1,131,391	512,232
Fund Balances at Beginning of Year	<u>78,935</u>	<u>607,465</u>	<u>415,113</u>	<u>1,101,513</u>	<u>589,281</u>
<b>Fund Balances at End of Year</b>	<b><u>\$ 52,251</u></b>	<b><u>\$ 1,276,032</u></b>	<b><u>\$ 904,621</u></b>	<b><u>\$ 2,232,904</u></b>	<b><u>\$ 1,101,513</u></b>

**See Independent Auditor's Report.**

**CITY OF NORTH TONAWANDA, NEW YORK**

**SPECIAL GRANT FUND**

**Statement of Detailed Revenues  
For the Year Ended December 31, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
	<b>Departmental Income</b>		
CD8674.	HOME Rehabilitation Program	2,275	5,948
CD8675.	HOME Loan	17,544	1,673
	<b>Total Departmental Income</b>	<u>19,819</u>	<u>7,621</u>
	<b>Use of Money and Property</b>		
CD2401.	Interest and Earnings	<u>14</u>	<u>211</u>
	<b>Federal Aid</b>		
CD4912.	Bishop Gibbons Section 8	2,835,021	2,978,129
CD4921.	2006 CDBG Small Cities Comprehensive Grant	476,340	50,322
CD4927	HOME Program	<u>80,660</u>	<u>160,540</u>
	<b>Total Federal Aid</b>	<u>3,392,021</u>	<u>3,188,991</u>
<b>TOTAL SPECIAL GRANT FUND REVENUES</b>		<u><b>\$ 3,411,854</b></u>	<u><b>\$ 3,196,823</b></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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
	<b>Home and Community Services</b>		
CD8672.	Rent Assistance Program		
.4	Contractual Expenses	<u>\$ 2,835,021</u>	<u>\$ 3,100,023</u>
CD8684.	Downtown Strategic Plan		
.4	Contractual Expenses	<u>-</u>	<u>69,398</u>
CD8686.	Administrative		
.4	Contractual Expenses	<u>75,472</u>	<u>36,554</u>
CD8668.	Rehabilitation Loans and Grants		
.4	Contractual Expenses	<u>528,045</u>	<u>162,922</u>
<b>TOTAL SPECIAL GRANT FUND EXPENDITURES</b>		<u><b>\$ 3,438,538</b></u>	<u><b>\$ 3,368,897</b></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, 2011 With Comparative Actual Amounts for the Year Ended December 31, 2010

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Departmental Income</b>				
G2120.	Sewer Rents	\$ 4,200,000	\$ 4,099,860	\$ (100,140)	\$ 4,060,142
G2122.	Sewer Service Charges	10,000	6,172	(3,828)	18,960
G2128.	Interest and Penalties - Sewer Rents	140,530	154,763	14,233	154,621
	<b>Total Departmental Income</b>	<u>4,350,530</u>	<u>4,260,795</u>	<u>(89,735)</u>	<u>4,233,723</u>
	<b>Use of Money and Property</b>				
G2401.	Interest and Earnings	1,000	809	(191)	542
G2410.	Rental Property - Tower	160,000	155,923	(4,077)	141,568
	<b>Total Use of Money and Property</b>	<u>161,000</u>	<u>156,732</u>	<u>(4,268)</u>	<u>142,110</u>
	<b>Sale of Property and Compensation for Loss</b>				
G2665	Minor Sales	1,000	-	(1,000)	-
G2680	INS Rec-Workers Comp	382	8,346	7,964	22,103
	<b>Total Sale of Property and Compensation for Loss</b>	<u>1,382</u>	<u>8,346</u>	<u>6,964</u>	<u>22,103</u>
G2701.	<b>Miscellaneous Revenues</b>				
	Refund of Prior Year Expenditures	-	-	-	15,378
	<b>State Aid</b>				
G3901.	State Aid	-	-	-	4,000
	<b>Interfund Transfers</b>				
G2811.	Transfer from General Fund	300,000	300,000	-	188,324
	<b>TOTAL SEWER FUND REVENUES</b>	<u>4,812,912</u>	<u>\$ 4,725,873</u>	<u>\$ (87,039)</u>	<u>\$ 4,605,638</u>
	Appropriated Fund Balance	-			
	<b>TOTAL REVENUES AND RESERVES</b>	<u>\$ 4,812,912</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>General Government Support</b>					
	<b>Special Items</b>					
G1910.4	Unallocated Insurance	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ -
G1920.1	Hospitalization Waiver	4,500	1,925	-	2,575	1,925
G1930.4	Judgments and Claims	5,000	4,079	-	921	500
G1990.4	Contingent Account	<u>34,931</u>	<u>-</u>	<u>-</u>	<u>34,931</u>	<u>-</u>
	<b>Total General Government Support</b>	<u>84,431</u>	<u>6,004</u>	<u>-</u>	<u>78,427</u>	<u>2,425</u>
G8120.	<b>Sanitary Sewers</b>					
.1	Personal Services	413,877	408,241	-	5,636	371,381
.4	Contractual Expenses	<u>133,704</u>	<u>129,950</u>	<u>1,210</u>	<u>2,545</u>	<u>129,086</u>
	<b>Total Sanitary Sewers</b>	<u>547,581</u>	<u>538,191</u>	<u>1,210</u>	<u>8,180</u>	<u>500,467</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, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
G8130	<b>Sewage Treatment</b>					
.1	Personal Services	\$ 1,188,438	\$ 1,188,437	\$ -	\$ 1	\$ 1,286,530
.2	Equipment	21,091	2,826	-	18,265	29,570
.4	Contractual Expenses	1,237,990	1,089,949	7,072	140,969	1,083,702
	<b>Total Sewage Treatment</b>	<u>2,447,519</u>	<u>2,281,212</u>	<u>7,072</u>	<u>159,235</u>	<u>2,399,802</u>
	<b>Total Home and Community Services</b>	<u>2,995,100</u>	<u>2,819,403</u>	<u>8,281</u>	<u>167,415</u>	<u>2,900,269</u>
	<b>Undistributed Employee Benefits</b>					
G9010.8	State Retirement	280,000	176,185	-	103,815	132,076
G9030.8	Social Security	155,000	122,313	-	32,687	129,483
G9040.8	Workers' Compensation	165,000	133,982	-	31,018	126,183
G9045.8	Life Insurance	3,000	1,483	-	1,517	1,500
G9060.8	Hospital and Medical Insurance	580,000	449,683	-	130,317	427,569
	<b>Total Employee Benefits</b>	<u>1,183,000</u>	<u>883,646</u>	<u>-</u>	<u>299,354</u>	<u>816,811</u>
	<b>Debt Service - Principal</b>					
G9710.6	Principal on Serial Bonds	340,000	220,000	-	120,000	250,700
G9730.6	Principal of Bond Anticipation Notes	35,000	35,000	-	-	48,000
	<b>Total Debt Service - Principal</b>	<u>375,000</u>	<u>255,000</u>	<u>-</u>	<u>120,000</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Debt Service - Interest</b>					
G9710.7	Interest on Serial Bonds	\$ 172,381	\$ 92,380	\$ -	\$ 80,001	\$ 84,335
G9730.7	Interest on Bond Anticipation Notes	<u>3,000</u>	<u>873</u>	<u></u>	<u>2,127</u>	<u>11,488</u>
	<b>Total Debt Service - Interest</b>	<u>175,381</u>	<u>93,253</u>	<u>-</u>	<u>82,128</u>	<u>95,823</u>
	<b>Total Undistributed</b>	<u>1,733,381</u>	<u>1,231,899</u>	<u>-</u>	<u>501,482</u>	<u>1,211,334</u>
<b>TOTAL SEWER FUND EXPENDITURES</b>		<u><b>\$4,812,912</b></u>	<u><b>\$ 4,057,306</b></u>	<u><b>\$ 8,281</b></u>	<u><b>\$ 747,324</b></u>	<u><b>\$ 4,114,028</b></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, 2011**

**With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Departmental Income</b>				
F2140	Metered Water Sales	\$ 2,900,000	\$ 2,779,942	\$ (120,058)	\$ 2,719,975
F2142	Unmetered Water Sales	1,800	1,541	(259)	2,327
F2144	Water Service Sales	2,000	10,048	8,048	16,584
F2148	Interest Penalties on Water Rents	100,000	104,103	4,103	102,244
	<b>Total Departmental Income</b>	<u>3,003,800</u>	<u>2,895,634</u>	<u>(108,166)</u>	<u>2,841,130</u>
	<b>Use of Money and Property</b>				
F2401	Interest and Earnings	1,000	594	(406)	791
F2410	Rental Property	35,000	35,880	880	35,880
	<b>Total Use of Money and Property</b>	<u>36,000</u>	<u>36,474</u>	<u>474</u>	<u>36,671</u>
	<b>Sale of Property and Compensation for Loss</b>				
F2650	Sale of Scrap	-	-	-	3,570
F2665	Minor Sales	1,300	770	(530)	934
F2680	Sale of Equipment	1,000	496	(504)	1,200
F2690	Other Compensation for Loss	22,922	34,923	12,001	26,458
	<b>Total Sale of Property and Compensation for Loss</b>	<u>25,222</u>	<u>36,189</u>	<u>10,967</u>	<u>32,162</u>
	<b>Miscellaneous Local Sources</b>				
F2701	Refund of Prior Years' Expenditures	-	-	-	7,486
	<b>State Aid</b>				
F3901	NYSERDA	-	2,030	2,030	10,000
	<b>Interfund Transfers</b>				
F2811	Transfer In	140,000	140,000	-	166,324
	<b>TOTAL WATER FUND REVENUES</b>	<u>3,205,022</u>	<u>\$ 3,110,327</u>	<u>\$ (94,695)</u>	<u>\$ 3,093,773</u>
	Appropriated Fund Balance	-	-	-	-
	<b>TOTAL REVENUES AND RESERVES</b>	<u>\$ 3,205,022</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>General Government Support</b>					
	<b>Special Items</b>					
F1910.4	Unallocated Insurance	\$ 17,500	\$ -	\$ -	\$ 17,500	\$ -
F1920.1	Hospitalization Waiver	9,000	1,925	-	7,075	2,085
F1930.4	Judgments and Claims	10,000	868	-	9,132	2,254
	<b>Total General Government Support</b>	<u>36,500</u>	<u>2,793</u>	<u>-</u>	<u>33,707</u>	<u>4,339</u>
	<b>Home and Community Services</b>					
F8310	<b>Water Administration</b>					
.1	Personal Services	135,324	107,546	-	27,778	226,725
.2	Equipment	-	-	-	-	70
.4	Contractual Expenses	122,500	111,642	13,684	(2,826)	61,310
	<b>Total Water Administration</b>	<u>257,824</u>	<u>219,188</u>	<u>13,684</u>	<u>24,952</u>	<u>288,105</u>
F8320	<b>Source and Supply, Power and Pumping</b>					
.1	Personal Services	331,552	330,549	-	1,003	315,218
.2	Equipment	25,000	16,226	-	8,774	22,973
.4	Contractual Expenses	291,258	266,820	24,086	351	268,911
	<b>Total Source and Supply, Power and Pumping</b>	<u>647,810</u>	<u>613,595</u>	<u>24,086</u>	<u>10,128</u>	<u>607,102</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, 2011

With Comparative Actual Amounts for the Year Ended December 31, 2010

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
F8330.	<b>Purification</b>					
.1	Personal Services	\$ 342,470	\$ 342,470	\$ -	\$ -	\$ 315,218
.2	Equipment	9,000	6,066	-	2,934	6,935
.4	Contractual Expenses	95,065	78,939	9,706	6,419	102,120
	<b>Total Purification</b>	<u>446,535</u>	<u>427,475</u>	<u>9,706</u>	<u>9,354</u>	<u>424,273</u>
F8340.	<b>Transmission and Distribution</b>					
.1	Personal Services	382,837	372,907	-	9,930	496,459
.2	Equipment	43,000	4,721	-	38,279	50,510
.4	Contractual Expenses	103,000	68,155	160	34,685	88,716
	<b>Total Transmission and Distribution</b>	<u>528,837</u>	<u>445,783</u>	<u>160</u>	<u>82,894</u>	<u>635,685</u>
	<b>Total Home and Community Services</b>	<u>1,881,006</u>	<u>1,706,041</u>	<u>47,637</u>	<u>127,328</u>	<u>1,955,165</u>
	<b>Undistributed Employee Benefits</b>					
F9010.8	State Retirement	205,709	128,619	-	77,090	122,075
F9030.8	Social Security	125,000	84,877	-	40,123	108,679
F9040.8	Workers' Compensation	120,000	93,787	-	26,213	83,105
F9045.8	Life Insurance	3,000	1,096	-	1,904	1,294
F9060.8	Hospital and Medical Insurance	405,000	296,301	-	108,699	307,713
	<b>Total Employee Benefits</b>	<u>858,709</u>	<u>604,680</u>	<u>-</u>	<u>254,029</u>	<u>622,866</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, 2011  
With Comparative Actual Amounts for the Year Ended December 31, 2010**

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2010 Actual</u>
	<b>Debt Service - Principal</b>					
F9710.6	Principal on Serial Bonds	\$ 281,000	\$ 231,000	\$ -	\$ 50,000	\$ 227,000
F9730.6	Principal of Bond Anticipation Notes	<u>40,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total Debt Service - Principal</b>	<u>321,000</u>	<u>251,000</u>	<u>-</u>	<u>50,000</u>	<u>227,000</u>
	<b>Debt Service - Interest</b>					
F9710.7	Interest on Serial Bonds	105,807	55,806	-	50,001	72,235
F9730.7	Interest on Bond Anticipation Notes	<u>2,000</u>	<u>499</u>	<u>-</u>	<u>1,501</u>	<u>-</u>
	<b>Total Debt Service - Interest</b>	<u>107,807</u>	<u>56,305</u>	<u>-</u>	<u>51,502</u>	<u>72,235</u>
	<b>Total Undistributed</b>	<u>1,287,516</u>	<u>911,985</u>	<u>-</u>	<u>355,531</u>	<u>922,101</u>
<b>TOTAL WATER FUND EXPENDITURES</b>		<u><b>\$ 3,205,022</b></u>	<u><b>\$ 2,620,818</b></u>	<u><b>\$ 47,637</b></u>	<u><b>\$ 516,567</b></u>	<u><b>\$ 2,881,605</b></u>

See Independent Auditor's Report.

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**CITY OF NORTH TONAWANDA, NEW YORK**

**CAPITAL PROJECTS FUNDS**

**Combining Balance Sheet by Project  
For the year ended December 31, 2011**

<b>Project Number</b>	<b>Project Description</b>	<b>Cash</b>	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>	<b>BAN Payable</b>	<b>Loans Payable</b>	<b>Unappropriated Fund Balance</b>	<b>Total Liabilities &amp; Fund Balances</b>
<b>General Improvements:</b>								
H-10	Entrance Roof PG Tank '96	\$ 338,019	\$ -	\$ -	\$ -	\$ -	\$ (338,019)	\$ (338,019)
H-1001	Manhattan Prking/Marina/Stm Sewer 10	8,457	-	-	-	-	(8,457)	(8,457)
H-1003	DPW Equipment 10	334,581	-	-	-	-	(334,581)	(334,581)
H-1005	Waste Water Improvement 10	30,000	-	-	-	-	(30,000)	(30,000)
H-95	Sherwood San Lift '95	308,997	-	-	-	-	(308,997)	(308,997)
H-104	Roblin Steel Remediation Site '01	110,626	-	-	-	-	(110,626)	(110,626)
H-1101	City Hall/Keller/Golf 11	94,680	-	-	-	-	(94,680)	(94,680)
H-1102	Police Car/Camera/Mon 11	13,955	-	-	-	-	(13,955)	(13,955)
H-1103	DPW Street/EQ/S-W/SIG 11	94,221	-	-	-	-	(94,221)	(94,221)
H-1104	WWTP Pump/Furnace 11	48,888	-	-	-	-	(48,888)	(48,888)
H-1105	Water Erie Ave Tank 11	399,002	-	-	-	-	(399,002)	(399,002)
H-201	Tank Reno-Riverwalk '02	(612,558)	-	-	-	-	612,558	612,558
H-601	Meadow Drive Ext '06	402,002	-	-	-	-	(402,002)	(402,002)
H-602	City Hall Alarm/Data '06	73,775	-	-	-	-	(73,775)	(73,775)
H-701	Durkey Bridge '07	193,401	-	-	-	-	(193,401)	(193,401)
H-703	Chambers/Gateway '07	98,175	-	-	-	-	(98,175)	(98,175)
H-803	DPW Wash/Clair/Bins '08	212,591	-	-	-	-	(212,591)	(212,591)
H-808	Keller Building Roof '08	59,792	-	-	-	-	(59,792)	(59,792)
H-901	Technology Upgrade 09	84,456	-	-	-	-	(84,456)	(84,456)
H-905	DPW Equipment-Lift-S/W 09	182,387	-	-	-	-	(182,387)	(182,387)
H-906	Water 4 Projects 09	22,162	-	-	-	-	(22,162)	(22,162)
H-907	Waste Water 5 Project 09	35,280	-	-	-	-	(35,280)	(35,280)
H-908	Buffalo Bolt Infrastructure 09	(57,856)	(5,000)	-	-	-	62,856	62,856
H-909	Water Front/Brown Fld 09	(113,043)	-	-	-	-	113,043	113,043
<b>Total General Improvements</b>		2,361,990	(5,000)	-	-	-	(2,356,990)	(2,356,990)

**See Independent Auditor's Report.**

**CITY OF NORTH TONAWANDA, NEW YORK**

**CAPITAL PROJECTS FUNDS**

**Combining Balance Sheet by Project  
For the year ended December 31, 2011**

**Paving and Curbs:**

H-821	CHIPS Highway Resurfacing	\$	284,772	\$	-	\$	(276,084)	\$	-	\$	-	\$	(8,688)	\$	(284,772)
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**Sanitary Sewers:**

H-903	Sweeney/Marcia SAF 09		135,004		-		-		-		-		(135,004)		(135,004)
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**Storm Sewer:**

H-902	Ward Road Storm '99		145,414		-		-		-		-		(145,414)		(145,414)
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**Development:**

REM	Remington Lofts 10		-		-		-		-		(1,051,904)		1,051,904		-
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BOILT	Buffalo Bolt Park 10		8,785		5,000		-		-		-		(13,785)		(13,785)
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<b>Totals</b>			<u>\$ 2,935,965</u>		<u>\$ -</u>		<u>\$ (276,084)</u>		<u>\$ -</u>		<u>\$ (1,051,904)</u>		<u>\$ (1,607,977)</u>		<u>\$ (2,935,965)</u>
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**See Independent Auditor's Report.**

**CITY OF NORTH TONAWANDA, NEW YORK**

**CAPITAL PROJECTS FUNDS**

**Statement of Expenditures by Appropriations by Project  
For the year ended December 31, 2011**

<b>Project Number</b>	<b>Project Description</b>	<b>Original Appropriations</b>	<b>Revised Appropriation</b>	<b>Prior Years' Expenditures</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Remaining Appropriation</b>
<b>General Improvements:</b>							
H-10	Entrance Roof PG Tank '96	\$ 170,000	\$ 670,000	\$ 7,800	\$ 4,659	\$ 12,459	\$ 657,541
H-1001	Manhattan Prking/Marina/Stm Sewer 10	427,000	427,000	609,686	50,145	659,831	(232,831)
H-1002	Fire Car/Diesel Exhaust/Command Car 10	194,000	194,000	188,191	12,168	200,359	(6,359)
H-1003	DPW Equipment 10	1,050,000	1,050,000	38,794	680,822	719,616	330,384
H-1004	Water Improvements 10	40,000	40,000	28,890	11,110	40,000	-
H-1005	Waste Water Improvements 10	70,000	70,000	40,000	-	40,000	30,000
H-104	Robin Steel Remediation Site '01	3,176,000	3,176,000	-	3,100	3,100	3,172,900
H-1101	City Hall/Keller/Golf 11	175,000	175,000	-	80,320	80,320	94,680
H-1102	Police Car/Camera/Mon 11	141,800	141,800	-	127,845	127,845	13,955
H-1103	DPW Street/EQ/S-W/SIG 11	850,000	850,000	-	755,779	755,779	94,221
H-1104	WWTP Pump/Furnace 11	125,000	125,000	-	76,112	76,112	48,888
H-1105	Water Erie Ave Tank 11	400,000	400,000	-	998	998	399,002
H-201	Tank Reno-Riverwalk '02	100,000	500,000	-	-	-	500,000
H-601	Meadow Drive Ext '06	3,700,000	3,700,000	36,351	72,354	108,705	3,591,295
H-602	City Hall Alarm/Data '06	172,000	172,000	6,221	21,372	27,593	144,407
H-701	Durkey Bridge '07	1,500,000	1,500,000	-	13,393	13,393	1,486,607
H-703	Chambers/Gateway '07	453,000	453,000	40,668	152,374	193,042	259,958
H-803	Police Comm/Range '00	183,000	995,000	64,380	196,662	261,042	733,958
H-808	Keller Building Roof '08	250,000	250,000	4,895	-	4,895	245,105
H-901	Technology Upgrade 09	250,000	250,000	53,247	28,165	81,412	168,588
H-905	DPW Equipment-Lift-S/w 09	1,190,000	1,190,000	576,657	111,547	688,204	501,796
H-908	Buffalo Bolt Infrastructure	1,390,000	1,390,000	4,913	3,233	8,146	1,381,854
H-909	Water Front/Brown Field '09	252,750	252,750	158,893	32,513	191,406	61,344
<b>Total General Improvements</b>		<b>16,259,550</b>	<b>17,971,550</b>	<b>1,859,586</b>	<b>2,434,671</b>	<b>4,294,257</b>	<b>13,677,293</b>

**See Independent Auditor's Report.**

**CITY OF NORTH TONAWANDA, NEW YORK**

**CAPITAL PROJECTS FUNDS**

**Statement of Expenditures and Appropriations by Project  
December 31, 2011**

<b>Project Number</b>	<b>Project Description</b>	<b>Original Appropriations</b>	<b>Revised Appropriation</b>	<b>Prior Years' Expenditures</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Remaining Appropriation</b>
<b>Paving and Curbs:</b>							
H-82-1	CHIPS Highway Resurfacing	1,130,000	1,000,000	658,372	704,328	1,362,700	(362,700)
<b>Sanitary Sewers:</b>							
H-95	Sherwood San Lift	300,000	675,000	-	4,597	4,597	670,403
H-903	Marcia-Sweeney San/Ext '08	125,000	583,000	-	5,461	5,461	577,539
<b>Storm Sewer:</b>							
H-902	Ward Road Storm '99	200,000	200,000	22,366	14,222	36,588	163,412
<b>Water Lines:</b>							
H-906	Water 4 Projects '09	220,000	220,000	50,850	545	51,395	168,605
H-907	Waste Water 5 Projects '09	605,000	605,000	269,971	15,000	284,971	320,029
<b>Development:</b>							
REM	Remington Lofts 10	750,000	750,000	665,524	716,558	1,382,082	(632,082)
BOLT	Buffalo Bolt Park 10	-	-	848,993	177,353	1,026,346	(1,026,346)
<b>Totals</b>		<b>\$ 19,589,550</b>	<b>\$ 22,004,550</b>	<b>\$ 4,375,662</b>	<b>\$ 4,072,735</b>	<b>\$ 8,448,397</b>	<b>\$ 13,556,153</b>

**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, 2011, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated May 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

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

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

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



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

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

### **Compliance and Other Matters**

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

We noted no matters that we reported to management of the City of North Tonawanda, New York, in a separate letter dated May 31, 2012.

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

*Amato, Fox & Company PC*

May 31, 2012



## 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, 2011. 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, 2011.

36 Niagara Street  
Tonawanda, New York 14150  
**Phone: 716.694.0336**  
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### *Internal Control Over Compliance*

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

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

### *Schedule of Expenditures of Federal Awards*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of and for the year ended December 31, 2011, and have issued our report thereon dated May 31, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda, New York's, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Amato, Fox & Company PC*

May 31, 2012





**CITY OF NORTH TONAWANDA, NEW YORK**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011**

<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>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<b>Direct Programs:</b>			
<b>Community Development Block Grant:</b>			
Economic Development (GOSC)	14.219	N/A	\$ 476,340
<b>Pass-through Programs:</b>			
<b>Lower Income-Housing Assistance Program-Cluster:</b>			
Section 8 Rental Voucher Program	14.871	N/A	2,835,021
<b>HOME Program</b>			
Home Rehabilitation Program	14.239	N/A	80,660
<b>Total U.S. Department of Housing and Urban Development</b>			3,392,021
<b><u>Federal Emergency Management Agency:</u></b>			
<b>Passed through New York State Department of     Military and Naval Emergency:</b>			
Emergency Management - State Aid and Local Assistance	83.554	N/A	26,266
<b><u>Department of Justice:</u></b>			
Community Oriented Policing Services (COPS) Grant	16.710	N/A	46,800
<b>Total Expenditures of Federal Awards</b>			\$ 3,465,087

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, 2011 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, 2011**

#### **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, 2011.

# CITY OF NORTH TONAWANDA, NEW YORK

## Schedule of Findings and Questioned Costs December 31, 2011

### 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: Unqualified

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

14.219

Economic Development (GOSC)

**CITY OF NORTH TONAWANDA, NEW YORK**

**Schedule of Findings and Questioned Costs  
December 31, 2011**

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

**Identification of Major Programs (Cont.):**

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

\$ 300,000

Auditee qualified as a low-risk auditee?

☒ yes ☐ no

**Section II - Financial Statement Findings:**

As of and for the year ended December 31, 2011 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, 2011 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, 2011**

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, 2011**

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