

CITY OF GENEVA
Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2021



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

Independent Auditors' Report

To the Honorable Mayor and Council Members
The City of Geneva
Ontario County, New York

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, Ontario County, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, Ontario County, New York, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Geneva, Ontario County, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in City's total OPEB liability and related ratio, schedule of the City's proportionate share of the net pension liability, schedule of City contributions, and budgetary comparison information on pages 3-16 and 61-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
December 9, 2022

Management's Discussion and Analysis

City of Geneva, New York

Fiscal Year ended December 31, 2021

This section of City of Geneva, New York's (the City) annual financial report presents its discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the City's financial statements, which immediately follow this section. In this section, **ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE INDICATED.**

Financial Highlights

Fiscal Year 2021 showed signs of recovery for City operations after a slight financial backslide in 2020 as the City faced the challenges of the COVID-19 pandemic. General fund revenue grew by 6.9% in 2021 while the City was able to reduce their expenditures by 2.5% in comparison to 2020 .

Overview of the Financial Statements

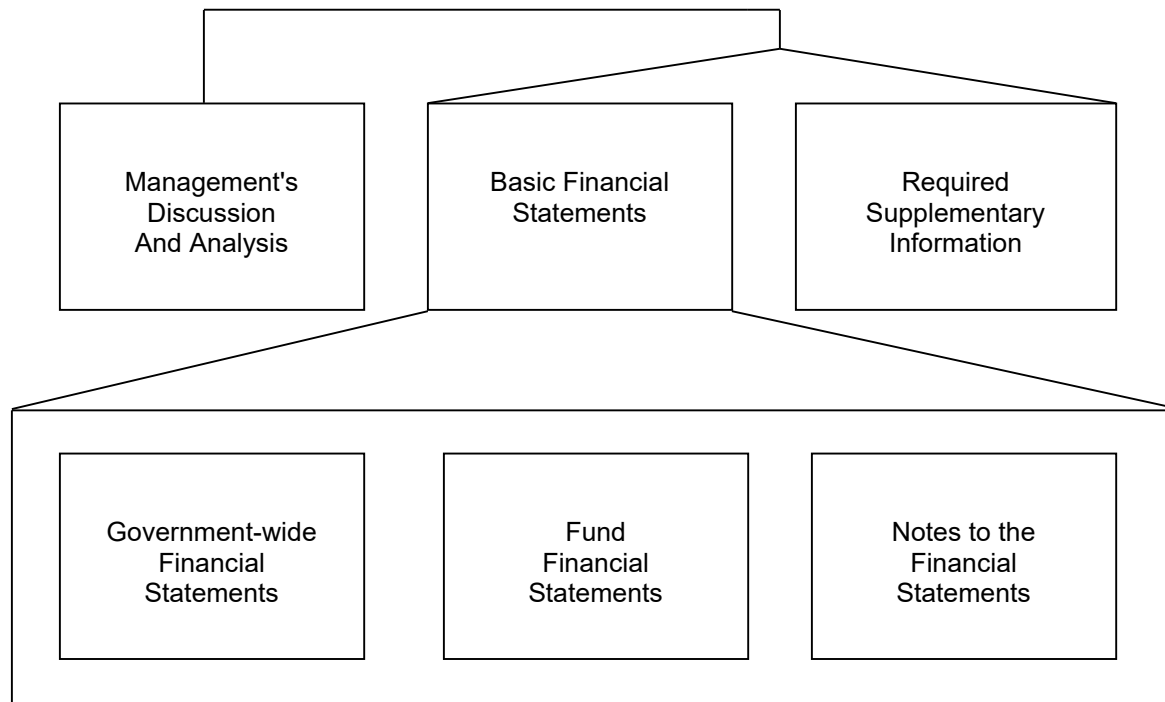
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a custodian.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of City of Geneva, New York's Annual Financial Report



The Geneva City Council convenes annually to develop a plan of work for the coming year. In 2016, the City Council reaffirmed its Mission and Vision Statement, and its Strategic Imperatives—a set of core strategies designed to propel our community toward the established vision. Council's established vision statement is:

"A City of diverse assets; a community of choice for an engaged, creative, and active citizenry; a premier destination for progressive households, businesses, and visitors."

Council will advance toward this mission through the application of four strategic imperatives, including:

- **Economic Development:** Private investment and job creation contribute to community success through diversification of the tax base and enhancement of quality of life for our residents. City Council will continue to make investments in well thought out economic development efforts that attract high-quality commercial activity. Our efforts will be focused on those investments that enhance our posture as a regional tourism center, a haven for small, independent businesses, and promote an industrial sector that provides high-skilled, high paying jobs, while respecting our sensitive watershed environment.
- **Talent Capitalization:** Vast community resources exist in our active residents and engaged civic, business, and not-for profit partners. City Council will invest time, effort, and resources in cultivating relationships with existing and potential partners, in an effort to leverage public resources, community effort, and expertise. Infrastructure will be developed and utilized to seek out, evaluate, cultivate, and implement innovative programs and services to increase value to residents, visitors, and businesses.

- *Asset Promotion:* Active promotion of regional and community assets are critical to the development of a sound economic and community development program. In order to maintain and advance our position as a community of choice for residents, businesses, and visitors, City Council will invest resources to elevate our visibility among target audiences through effective and efficient brand distribution strategies, leveraging the resources of economic development and other community partners.
- *Pride of Place:* Promoting our community as a destination for discerning households, visitors, and businesses begins with intrinsic pride of place. Council will invest resources in efforts that engender neighborhood and community pride through programs and services that enhance the aesthetics, functionality, and safety of public spaces, and that showcase Geneva as a model community.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City’s activities they cover and types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire government (except fiduciary funds)	The activities of the city that are not proprietary or fiduciary, such as public safety and transportation	The activities of the City in which the City charges for services
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic Resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or financial position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the City's overall health, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

In the Statement of Net Position and the Statement of Activities, the City's activities are separated as follows:

Governmental activities - Most of the City's basic services are reported in this category, including the general government, public safety, transportation, economic assistance, culture and recreation and home and community services. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported in this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City has three kinds of funds:

- **Governmental Funds:** Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided with the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary Funds:** These funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Geneva has two enterprise funds. The City's enterprise funds are the water and sewer funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.
- **Fiduciary Funds:** The City is the custodian for assets that belong to others. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

Financial Condition

As was noted in the previous section, the City was on a path toward financial sustainability before it was confronted by the financial and operational challenges of the COVID-19 pandemic. Fiscal Year 2021 represents a recovery to pre-pandemic operations, including an increase in net position in its governmental activities, liquidity, and unrestricted fund balance. By mid 2021, it started to become evident that the recovery from the pandemic would be more swift than anticipated for local governments as well as the economy as a whole.

Net position in the governmental funds increased \$5,789,810 while net position in the business-type activities decreased by \$758,805.

What follows is an overview and analysis of the financial statements presented in later sections of this report. This is intended to provide stakeholders with the background information necessary to make informed positions about the City financial status.

Statement of Net Position

The Statement of Net Position (Page 17) is intended to provide the reader with a “50,000 foot view” of City finances as a whole. The “tale of the tape” in terms of this statement is the “net position,” which deducts all of the City’s liabilities and deferred inflows of resources from its total assets and deferred outflows of resources. For 2021, net position for the governmental activities increased \$5,789,810 to a deficit of \$2,094,608. Net position for the business-type activities (water and sewer operations) decreased \$758,805 to \$9,830,382. A deficit in the governmental and business-type activities is not unusual for a governmental entity because of the financial impact of certain unfunded liabilities such as participation in state pension plans and other postemployment benefit liabilities that are long-term in nature.

<i>Condensed Statement of Net Position (in thousands of dollars)</i>						
	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2021	2020		2021	2020	
Current and other assets	\$ 16,382	\$ 16,184	1.22%	\$ 7,121	\$ 7,265	-1.98%
Capital assets, net	43,290	40,680	6.42%	44,687	48,558	-7.97%
Total assets	<u>59,672</u>	<u>56,864</u>	<u>4.94%</u>	<u>51,808</u>	<u>55,823</u>	<u>-7.19%</u>
Deferred outflows of resources	<u>14,518</u>	<u>12,564</u>	<u>15.55%</u>	<u>2,448</u>	<u>2,147</u>	<u>14.02%</u>
Long-term liabilities	43,085	61,214	-29.62%	34,629	35,021	-1.12%
Other liabilities	8,939	6,727	32.88%	4,972	11,006	-54.82%
Total liabilities	<u>52,024</u>	<u>67,941</u>	<u>-23.43%</u>	<u>39,601</u>	<u>46,027</u>	<u>-13.96%</u>
Deferred inflows of resources	<u>24,261</u>	<u>9,372</u>	<u>158.87%</u>	<u>4,825</u>	<u>1,354</u>	<u>256.35%</u>
Net investment in capital assets	31,161	26,881	15.92%	9,194	15,412	-40.35%
Restricted for:						
Capital projects	465	465	0.00%	988	701	40.94%
Public safety	-	11	-100.00%	-	-	0.00%
Cemetery	20	20	0.00%	-	-	0.00%
Community development	3,084	3,351	-7.97%	-	-	0.00%
Retirement	50	50	100.00%	-	-	0.00%
General reserve	115	-	100.00%	-	-	0.00%
Unrestricted	<u>(36,990)</u>	<u>(38,663)</u>	<u>4.33%</u>	<u>(352)</u>	<u>(5,524)</u>	<u>93.63%</u>
Total net position	<u>\$ (2,095)</u>	<u>\$ (7,885)</u>	<u>-73.43%</u>	<u>\$ 9,830</u>	<u>\$ 10,589</u>	<u>-7.17%</u>

Changes in Net Position from Operating Results
(in thousands of dollars)

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2021	2020		2021	2020	
Program Revenues:						
Charges for services	\$ 850	\$ 819	3.79%	\$ 8,582	\$ 8,558	0.28%
Operating grants and contributions	524	1,765	0.00%	-	-	0.00%
General Revenues:						
Property taxes, and property tax items	9,410	8,416	11.81%	-	-	0.00%
Non-property taxes	5,051	3,919	28.88%	-	-	0.00%
Interest earnings	48	34	41.18%	2	2	0.00%
State and federal sources	3,722	2,550	45.96%	784	-	0.00%
Premium/advance refunding	13	90	-85.56%	-	47	-100.00%
Miscellaneous	252	437	-42.33%	-	152	-100.00%
Total revenues	<u>19,870</u>	<u>18,030</u>	<u>10.21%</u>	<u>9,368</u>	<u>8,759</u>	<u>6.95%</u>
Program Expenses:						
General government	2,131	2,551	-16.46%	-	-	0.00%
Public safety	6,217	9,720	-36.04%	-	-	0.00%
Transportation	2,627	2,772	-5.23%	-	-	0.00%
Economic assistance	1,201	243	394.24%	-	-	0.00%
Culture and recreation	1,221	2,115	-42.27%	-	-	0.00%
Home and community service	336	2,282	-85.28%	10,012	8,194	22.19%
Interest on debt	462	459	0.65%	-	-	0.00%
Total expenses	<u>14,195</u>	<u>20,142</u>	<u>-29.53%</u>	<u>10,012</u>	<u>8,194</u>	<u>22.19%</u>
Increase (decrease) in net position before transfers	5,675	(2,112)	368.70%	(644)	565	-213.98%
Transfers	<u>115</u>	<u>1,067</u>	<u>89.22%</u>	<u>(115)</u>	<u>(1,067)</u>	<u>-89.22%</u>
Change in net position	5,790	(1,045)	-654.07%	(759)	(502)	51.20%
Net position-beginning	<u>(7,885)</u>	<u>(6,840)</u>	<u>15.28%</u>	<u>10,589</u>	<u>11,091</u>	<u>-4.53%</u>
Net position-ending	<u>\$ (2,095)</u>	<u>\$ (7,885)</u>	<u>-73.43%</u>	<u>\$ 9,830</u>	<u>\$ 10,589</u>	<u>-7.17%</u>

Governmental Activities

The following table presents the cost of seven major City activities: general government, public safety, transportation, economic assistance, culture and recreation, home and community service, and interest on debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the City's taxpayers by each of these functions.

	Net Cost of Activities <i>(in thousands of dollars)</i>					
	Governmental Activities		Total	Business-Type Activities		Total
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
General government	(531)	2,353	-122.57%	-	-	0.00%
Public safety	6,198	9,412	-34.15%	-	-	0.00%
Transportation	2,403	2,480	-3.10%	-	-	0.00%
Economic assistance	1,201	243	394.24%	-	-	0.00%
Culture & recreation	1,023	1,932	-47.05%	-	-	0.00%
Home & community service	286	679	-57.88%	645	(364)	-277.20%
Interest on debt	462	459	0.65%	-	-	0.00%
Total	\$ 11,042	\$ 17,558	-37.11%	\$ 645	\$ (364)	-277.20%

Financial Analysis of the City's Funds

Statement of Revenues, Expenditures/Expenses, and Changes to Fund Balances/Net Position

The "fund basis" financial statements focus on the flow of current financial resources. These statements (Page 20) are designed to show the various mechanisms by which we obtain revenues and how our revenue streams are performing. Additionally, the statements break out costs by category to give a better indication of how funds are disbursed. Finally, overviews of fund balances in various funds are provided.

Due to the nature of consolidated management across the three funds, it is routine for the City to transfer funds from the water and sewer accounts. This offsets costs associated with the City Manager, Human Resources, Finance, Information Technology, and other administrative costs, which are borne by the general fund. Beginning in 2014, and moving forward (inclusive of 2015), the City uses a position-by-position analysis to determine what level of effort is contributed by our employees in each fund. The transfers from water and sewer funds to the General Fund totaled \$115,479 for 2021 (\$1,067,278 in 2020).

Fund balances are those dollars which are not utilized for operations. They are funds in excess of operational costs. The City Council has established a policy for the general fund that requires that unrestricted fund balances total 10% to 15% of current year appropriations. Entering the 2017 operating year, the City's unrestricted general fund balance did not meet the required threshold. As such, the City's management team developed a replenishment plan, which was approved by City Council, targeting a five year replenishment target.

General Fund

In the General Fund, the primary operating fund of the City, operating revenues exceeded budget by \$1,998,365 while expenditures exceeded the budget by \$222,197. The increase in revenues over budget were primarily in the area of sales and occupancy taxes (48.6%) as the local economy recovered from the pandemic, and state aid (89.0%) with the assistance of some additional grant funding.

At the close of 2021, revenues and transfers-in exceeded expenditures and transfers-out by \$1,148,251. This resulted in a closing, unrestricted general fund unassigned fund balance of \$2,995,890. This represents 18.0% of the 2022 appropriations budget.

Capital Projects Fund

The Capital Projects Fund is used to account for all of the capital projects of the governmental activities of the City. Total expenditures were \$5,341,677. Revenues were \$2,529,195 and included \$1,638,215 of state aid and \$820,000 of funding from serial bonds and BANs redeemed from General Fund appropriations. Fund balance was a deficit of \$293,806 and will be funded by operating transfers or permanent financing of short-term bond anticipation notes in the future.

Community Development Fund

The Community Development Fund is used to account for community development block grants and other grants not required to be accounted for in other funds. Total expenditures were \$123,749 and revenues were \$28,868. Fund balance was \$3,083,998.

Water Fund

In the Water Fund, operating revenues increased over the prior year by \$411,295 (11.2%) and exceeded the amount budgeted by \$605,835 (17.4%). Operating expenditures increased \$356,876 (10.1%) but came in below the amount budgeted by \$89,841 (2.7%). This resulted in an excess of revenues over expenditures \$833,701 and increased fund balance to \$1,456,197.

Sewer Fund

In the Sewer Fund, operating revenues increased over the prior year by \$185,693, (3.7%) and exceeded the amount budgeted by \$245,258 (4.9%). Operating expenditures decreased \$100,282 (2.3%) but came in below the amount budgeted by \$370,841 (7.6%). This resulted in an excess of revenues over expenditures \$657,024 and increased fund balance to \$2,215,823.

City Council recognizes the capital intense nature of the utility funds, and as such has set much higher thresholds for unrestricted net position at 30% to 35% of current year appropriations (net of planned drawdowns).

In general, the financial statements point to sustained health of the City's fiscal condition. Many agencies, including bond rating groups and the New York State Comptroller, utilize unrestricted fund balances as an indicator of fiscal health. The General and Sewer funds are within the desired range. However, Water Fund currently falls below the desired range. This is being addressed moving forward.

On a broader scale, the City's general governmental operations are performing well. This trend must continue in order for the City to not only maintain strong unrestricted fund balances, but also for the City to grow critical equipment, capital, and revenue stabilization reserves. These reserves will reduce reliance on debt for future investments in facilities and equipment, and will negate the impact of volatile revenue swings that can occur with shifts in the global and national economies. These factors are beyond the City's control, but can be managed through careful financial planning.

The City will continue to focus on conservative, objective, and reasonable revenue forecasting and on intense cost management efforts, in order to continue to move the City in the right direction relative to fiscal sustainability.

**Revenues, Expenditures/Expenses and Changes in Fund
Balance/Net Position - Governmental Funds and Business-Type Activities
(in thousands of dollars)**

	2021		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 18,619	\$ 17,471	\$ 4,359
Community Development Fund	29	296	3,084
Capital Fund	2,529	5,342	(294)
Sewer Fund	5,337	6,467	3,612
Water Fund	4,151	3,781	6,218
	2020		
	<u>Restated Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Restated Fund Balance/ Net Position</u>
General Fund	\$ 18,277	\$ 18,523	\$ 3,211
Community Development Fund	315	688	3,351
Capital Fund	8,453	1,516	2,519
Sewer Fund	5,055	6,387	4,742
Water Fund	3,705	2,874	5,848

Revenues and expenditures above include other financing sources and uses.

General Fund Budgetary Highlights

Amendments to the budget occur throughout the year for a variety of reasons. These include encumbrances from prior year unexpended purchase orders which are added to the current year budget at the close of the prior year, grants or other forms of financial aid which were received during the year but not anticipated in the original budget, appropriations of fund balances needed to offset unanticipated and unavoidable expenditures, and transfers of appropriations among object classes within department budgets to address particular requirements not anticipated in the original budget. The City Council approves and authorizes the annual budget at the level of object class totals within each department. The City Manager has the authority to transfer appropriations among line items within a fund. All transfers between funds must be approved by City Council. The encumbrances on prior year purchase orders are added to the budget as part of the annual financial closing process. All other budget amendments must be authorized by formal resolution of the City Council.

As previously mentioned, the City continues to take a conservative approach when preparing the budget. Revenues that the City does not receive on a consistent basis are not included in future budgets. The City is making a concerted effort to fund reserves more aggressively. These efforts have enabled the City to move towards a healthier financial position. While some one-time revenues have assisted with financial recovery, sustained growth in larger reoccurring revenues remain doubtful. These include sales tax and gross utilities receipts tax, which saw a significant increase in the current year as the local economy recovered from the COVID-19 pandemic. Occupancy tax will increase in the near future with the addition of a new hotel. This will help bring in more revenue that we can expect each year moving forward.

In addition to conservative revenue budgeting and the utilization of one-time revenues to fund capital acquisitions, the City continued the practice of conservative spending and strict expense monitoring.

While the City has experienced several unexpected one-time revenues, these one-time revenues are short lived and will not continue in future years. Furthermore, depending on the severity of change, revenue declines and expenditure increases, such as healthcare, social security and New York State retirement costs, the City may experience challenges in building the financial resources necessary to gain better financial footing. With the New York State Property Tax Cap, the inability to increase property taxes may further limit our ability to maintain services to residents at current levels.

Capital Asset and Debt Administration

Capital Assets

Capital projects effecting the lakefront took place starting in 2014 including the Lakefront Improvement Project which will consist of several phases over the course of the next few years. These projects will be funded by a combination of bonds and grants. Several capital projects will effect the Water and Sewer Funds and include a sewer lining project, capacity improvements to the water pump sation, repairs and cacity improvements to the wastewater treatment plant and water main replacements.

The City’s capital assets, net of accumulated depreciation for governmental and business-type activities for the years ended Decmeber 31, 2021 and 2020 is presented below. Additional information on the City’s capital asset can be found in Note III.F to the financial statements.

Capital Assets Net of Depreciation				
<i>(in thousands of dollars)</i>				
	Governmental Activities		Business -Type Activities	
	2021	2020	2021	2020
Land	\$ 1,090	\$ 1,090	\$ 311	\$ 311
Construction work in progress	8,933	5,057	4,559	5,194
Buildings and improvements	17,165	18,063	9,980	10,325
Machinery & equipment	3,939	2,828	9,660	11,592
Infrastructure	12,163	13,642	20,177	21,136
Total	\$ 43,290	\$ 40,680	\$ 44,687	\$ 48,558

Long-Term Obligations

For the year ending December 31, 2021, the City’s constitutional debt limit was \$29,768,468. Outstanding bonds and bond anticipation notes totaled \$50,844,878. Of this total, \$ 17,214,630 is debt chargeable against the debt limit.

Standard & Poor’s Rating Services recently raised the City’s bond rating from A+ to AA- with a Stable outlook due to very strong liquidity and a strong economy within the City. Despite an elevated debt burden, the City’s debt is manageable due to low, fixed rates as well as old debt being paid off as new debt is being issued. Additional information on the City’s long-term debt can be found in Note III.H to the financial statements.

A summary of the City's long-term liabilities at December 31, 2021 and 2020 is presented below.

Outstanding Long-Term Obligations <i>(in thousands of dollars)</i>				
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
General obligation debt backed by the City	\$ 10,839	\$ 12,149	\$ 29,865	\$ 26,926
Unamortized premium	90	100	209	245
Installment purchase debt	1,290	1,550	267	367
Compensated absences	333	358	165	162
Employee retirement system	50	73	24	35
Other post employment benefits	28,273	37,397	4,092	5,413
Net pension liability	2,210	9,587	7	1,873
Total	<u>\$ 43,085</u>	<u>\$ 61,214</u>	<u>\$ 34,629</u>	<u>\$ 35,021</u>

Factors Bearing on the City's Future

Factors Affecting Continued Fiscal Health

The City consistently scans the horizon for factors that bear on the fiscal health of the organization. Like many organizations, the City utilizes the time-tested SWOT (strengths, weaknesses, opportunities, threats) model for strategic planning and decision-making. A current representation of our SWOT analysis is as follows:

Strengths

Strengths are characterized as those factors or attributes internal to the organization that put us in a competitive advantage relative to fiscal health. These include the following:

- **Real Estate Market Health:** The City Assessor recently completed the preliminary revaluation for all City properties. The net effect of the preliminary evaluation is that the market value of real property in Geneva has increased by 6% in the last several years. While this number is likely to be lowered due to appeals, the initial survey demonstrates stability and growth in our property values. This will result in, at a minimum, stable revenue collections as it relates to real property values. This also makes Geneva an attractive investment opportunity relative to commercial and residential development.

The City will capitalize on this growth by appropriately setting tax policy to ensure revenue stability while maintaining our competitive position with respect to attractiveness for development. We will also continue to aggressively market Geneva as a destination for investors in alignment with our economic development goals.

- **Conservative Revenue Forecasting:** City Council has established a revenue forecasting policy that calls on staff to utilize conservative, objective, and reasonable revenue forecasts during budget development efforts. This eliminates the ability for staff or Council members to interject personal or anecdotal information into the forecasting process, and has resulted in revenues that meet or exceed targeted forecasts.

The City will capitalize on this by continuing these efforts in future budget preparation activities, such that revenue forecasts can be counted on to paint an accurate picture of resources available for operations.

- **Organization-Wide Cost Focus:** Department managers are required to submit spending requests each week, for review and approval by the City Comptroller. This has resulted in a more conservative spending approach across the board. Managers have shifted their focus and determined that line-item allocations are *maximum* spending limits, and not required disbursement levels.

The City will capitalize on this by continuing to meet regularly with managers and fostering a cost-conscious culture. This will result in lower than anticipated expense levels, which when coupled with accurate or conservative revenue forecasts, contributes to expanded reserve levels and fiscal solvency.

- *Public-Private/Interagency Partnerships:* Over the last several years, the City has explored ways to engage private, not-for-profit, and government partners to deliver services at a much-reduced cost. The City has continued the inter-municipal agreements with the City of Canandaigua for the provision of information technology and real property assessment services. Additionally, the consolidation of emergency communications services between the City and Ontario County continues. The City also engages with a range of not-for-profit and private partners for the delivery of services at a much-reduced rate over the cost of public service delivery.

The City will capitalize on this by continuing to seek out opportunities to partner with other governments, not-for-profit agencies, and private firms to either reduce costs of existing program/services, or deliver new services at lower costs than we would experience delivering them ourselves.

- *Enhanced Reporting Model:* Provides City Council and the management team with periodic reports on every aspect of spending by City departments. This has enhanced transparency, which has results that are twofold. First, managers who realize that all expenditures have the opportunity to be scrutinized will carefully consider all spending requests. Second, Councilors have the ability to be completely engaged in the City's financial picture.

The City will capitalize on this by continuing to report out operational results, and to formalize quarterly reports to the Council and the public. This will result in a continued culture of cost management.

Weaknesses

Weaknesses are characterized as those factors or attributes internal to the organization that open us up to potential risks relative to fiscal health. These include the following:

- *Organization-Wide Succession:* Over the next ten years, the City will see another wave of retirements at the department head and mid-manager levels. Failure to address this will result in the depletion of institutional knowledge and experience, as well as the potential acquisition and placement of either expensive or inexperienced management talent. Should Council elect the latter, new managers will lack the financial acumen necessary to continue on a path toward fiscal sustainability.

The City will address this by regularly reviewing potential retirement losses and establishing a plan for staff development to ensure that that a well-developed bench is in place. A significant focus of staff development programming should be financial concepts, including budgeting, cost development, and project management.

- *Long-Term Facilities and Equipment Planning:* The City has been fortunate over the last ten years to receive a significant amount of grant dollars for the development of facilities and amenities. These recently developed projects have limited maintenance exposure in the early years but will ultimately require repair and replacement investments.

The City will address this by developing replacement and amortization plans for all large equipment. Additionally, capital planning will take into account expanded maintenance and replacement budgets for recently constructed facilities.

- *Long-Term Economic Development Planning:* The towns of Geneva, Waterloo and Phelps are all experiencing residential and commercial growth that have an impact on the City's infrastructure. Improvements to the City's infrastructure requires planning and financial resources. The City will address this by re-establishing its Office of Planning and Economic Development and working with these local governments to evaluate areas of growth and development and its impact on the City.

Opportunities

Opportunities are characterized as those factors external to the organization that, if leveraged, have the potential to positively affect the City's operational and fiscal health. These include the following:

- *Upstate Revitalization Initiative:* The State of New York recently announced that the Finger Lakes Region will be awarded \$500 million over the next five years for economic development efforts outlined in the Finger Lakes Regional Plan. Council and staff worked diligently through the plan's development to ensure that City project opportunities were laid out, and that plan priorities aligned with local development efforts. The City's efforts received several specific citations in the plan.

The City will capitalize on this by aggressively pursuing our share of the allocated dollars. We will utilize existing plans to showcase "shovel ready" development projects, in an effort to leverage state dollars against existing priorities.

- *Development Opportunities:* The City has spent much of the last decade developing infrastructure and other logistical investments in downtown, the Geneva Industrial Park, the Cornell Agriculture and Food Technology Park, and other economic development assets. Additionally, the City's comprehensive plan was recently updated to identify economic development opportunities on the Exchange Street and Hamilton Street corridors.

The City will capitalize on these opportunities through continued infrastructure investments, regulatory reform relative to land use development processes, and aggressive marketing of economic development assets.

- *Sales Tax Agreement Extension:* The City Council approved an extension through December 31, 2023, and thereafter until either the City or County opts out. This agreement, when originally implemented in 2007, resulted in an immediate 100% increase in sales tax revenues to the City. Staff has found the County to be a willing and friendly partner in the negotiation of a longer-term extension under current terms. This establishes collection stability (though actual revenue activity will be dependent upon local economic conditions) for a longer period of time. This also gives the City the opportunity to develop a full analysis of the revenue potential of a locally administered collection program.

The City will capitalize on this by working with County officials to negotiate favorable terms on a 5 to 7 year agreement for Countywide collection and distribution, and to utilize the next term to develop a full analysis of the revenue potential of a standalone collection program.

- *Expanded Interagency Partnership Opportunities:* The city's primary interagency partner, the City of Canandaigua, as well as Ontario county continue to express interest in continued partnerships and are open to exploring all available options.

The City will capitalize on this by exploring every opportunity to collaborate with the City of Canandaigua and other municipalities on existing and expanded service delivery. We will also evaluate not-for-profit and private firms with respect to their ability to more cost effectively deliver new and existing services where appropriate.

Threats

Threats are characterized as those factors external to the organization that, if leveraged, have the potential to negatively impact the City's operational and fiscal health. These include the following:

- *Sales Tax Volatility:* Sales tax receipts represent approximately 20% of the City's total revenue base for operations. Performance is wholly dependent upon *Countywide* economic conditions, over which the City executes very limited control.

The City will mitigate this through the execution of conservative forecasting models.

- *New York State Financial Health:* Another substantial revenue stream is state aid provided to municipalities by New York State. State aid allocations to the general fund exceed \$2 million, or around 14.4% of general fund appropriations. Should the State shift its investment approach relative to municipal aid, or should economic conditions result in reduced aid allocations, the City would be left with a volatile or reduced revenue stream.

The City will mitigate this through the development of revenue stabilization reserves, which will absorb volatility and phase in any necessary reductions in appropriations or increases in other revenue areas.

Conclusions

The 2022 adopted City budget cites rebuilding the City's human capital, resources and infrastructure among its key objectives. The document identifies many of the efforts outlined here as priorities for City management moving forward. The results of heightened management scrutiny, as well as the implementation of responsible, responsive policies, have put the City on a path toward achieving its financial goals.

The City's net position is advancing, thanks to these efforts. Government operations have been modified to ensure that structural deficits are mitigated or eliminated. Business activities must turn their attention to capital asset planning, to offset eroded net position caused by depreciation of capital assets.

Undesignated fund balances in the general, and sewer funds (on a fund basis) are all now at levels within compliance of Council adopted financial policies. The water fund is near compliance at 27% of the current year appropriations. Council and staff must work to establish dedicated reserves for capital projects, equipment amortization, and revenue stabilization, among others deemed appropriate by Council and the community. Long term obligations are decreasing, but failure to establish capital reserves will ensure that this downward trend is shortened.

Council and staff should continue to identify opportunities for revenue enhancement, cost management, leveraging partnerships, and economic development. These will be the keys to economic success in the long run.

The City should also continue to scan the horizon for ways to capitalize on strengths and opportunities, and for new and emerging threats to financial and operational sustainability. Long term financial and operational planning, continuously updated, will ensure that the City has the resources and flexibility needed to grow into Council's established vision as a community of choice for an engaged, active, and creative citizenry.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office, City of Geneva, Geneva, New York.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2021

	Governmental	Business-Type	
ASSETS	Activities	Activities	Total
Cash and cash equivalents	\$ 9,743,616	\$ 4,563,849	\$ 14,307,465
Accounts receivable, net	6,207,834	2,480,530	8,688,364
Prepaid items	431,359	76,542	507,901
Capital assets:			
Land and work in progress	10,022,767	4,869,420	14,892,187
Other capital assets, net of depreciation	33,267,178	39,817,543	73,084,721
TOTAL ASSETS	\$ 59,672,754	\$ 51,807,884	\$ 111,480,638
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	\$ 14,518,019	\$ 2,448,261	\$ 16,966,280
LIABILITIES			
Accounts payable and other current liabilities	\$ 1,010,790	\$ 100,437	\$ 1,111,227
Accrued liabilities	157,575	187,437	345,012
Bond anticipation notes payable	5,457,000	4,683,500	10,140,500
Due to retirement system	-	-	-
Unearned revenue	1,793,195	-	1,793,195
Other liabilities	520,091	-	520,091
Noncurrent liabilities:			
Due in one year	1,729,288	2,199,220	3,928,508
Due in more than one year	41,356,193	32,430,390	73,786,583
TOTAL LIABILITIES	\$ 52,024,132	\$ 39,600,984	\$ 91,625,116
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 24,261,249	\$ 4,824,779	\$ 29,086,028
NET POSITION			
Net investment in capital assets	\$ 31,160,868	\$ 9,194,051	\$ 40,354,919
Restricted for:			
Capital reserves	464,890	-	464,890
Restricted other purposes	3,269,827	988,211	4,258,038
Unrestricted	(36,990,193)	(351,880)	(37,342,073)
TOTAL NET POSITION	\$ (2,094,608)	\$ 9,830,382	\$ 7,735,774

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government support	\$ 2,131,589	\$ 850,370	\$ 169,277	\$ 1,642,451	\$ 530,509	\$ -	\$ 530,509
Public safety	6,216,923	-	18,989	-	(6,197,934)	-	(6,197,934)
Transportation	2,626,560	-	87,517	136,363	(2,402,680)	-	(2,402,680)
Economic assistance and development	1,201,325	-	-	-	(1,201,325)	-	(1,201,325)
Culture and recreation	1,221,251	-	197,765	-	(1,023,486)	-	(1,023,486)
Home and community services	335,586	-	50,000	-	(285,586)	-	(285,586)
Interest on long-term debt	461,585	-	-	-	(461,585)	-	(461,585)
Total Governmental Activities	\$ 14,194,819	\$ 850,370	\$ 523,548	\$ 1,778,814	\$ (11,042,087)	\$ -	\$ (11,042,087)
Business-Type Activities:							
Water fund	\$ 3,660,170	\$ 4,100,385	\$ -	\$ -	\$ -	\$ 440,215	\$ 440,215
Sewer fund	6,351,511	4,482,332	-	783,978	-	(1,085,201)	(1,085,201)
Total Business-Type Activities	\$ 10,011,681	\$ 8,582,717	\$ -	\$ 783,978	\$ -	\$ (644,986)	\$ (644,986)
Total Primary Government	\$ 24,206,500	\$ 9,433,087	\$ 523,548	\$ 2,562,792	\$ (11,042,087)	\$ (644,986)	\$ (11,687,073)
General Revenues:							
Taxes:							
Property taxes					\$ 9,409,522	\$ -	\$ 9,409,522
Non-property taxes					4,901,324	-	4,901,324
Mortgage tax					149,802	-	149,802
Unallocated state and federal aid					1,942,613	-	1,942,613
Compensation for loss					23,241	-	23,241
Use of money and property					47,621	1,660	49,281
Miscellaneous					229,295	-	229,295
Total General Revenues					\$ 16,703,418	\$ 1,660	\$ 16,705,078
Special Items and Transfers:							
Advanced Refunding					\$ 13,000	\$ -	\$ 13,000
Transfers					115,479	(115,479)	-
Total Special Items and Transfers					\$ 128,479	\$ (115,479)	\$ 13,000
Total General Revenues and Special Items and Transfers					\$ 16,831,897	\$ (113,819)	\$ 16,718,078
Change in Net Position					\$ 5,789,810	\$ (758,805)	\$ 5,031,005
Net Position - Beginning					(7,884,418)	10,589,187	2,704,769
Net Position - Ending					\$ (2,094,608)	\$ 9,830,382	\$ 7,735,774

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2021

	General Fund	Major Capital Projects Fund	Community Development Fund	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,241,679	\$ 3,354,382	\$ 2,127,122	\$ 20,433	\$ 9,743,616
Receivables, net	1,325,914	-	956,876	-	2,282,790
Due from other governments, net	717,911	-	-	-	717,911
State and federal aid receivable	680,513	2,526,620	-	-	3,207,133
Prepaid items	431,359	-	-	-	431,359
Total Assets	\$ 7,397,376	\$ 5,881,002	\$ 3,083,998	\$ 20,433	\$ 16,382,809
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
Accounts payable	\$ 317,349	\$ 717,808	\$ -	\$ -	\$ 1,035,157
Notes payable - bond anticipation notes	-	5,457,000	-	-	5,457,000
Other liabilities	517,058	-	-	-	517,058
Overpayments and collections in advance	3,033	-	-	-	3,033
Unearned revenue	1,793,195	-	-	-	1,793,195
Total Liabilities	\$ 2,630,635	\$ 6,174,808	\$ -	\$ -	\$ 8,805,443
Deferred Inflows:					
Deferred Inflows of Resources	\$ 407,354	\$ -	\$ -	\$ -	\$ 407,354
Fund Balances:					
Nonspendable	\$ 431,359	\$ -	\$ -	\$ -	\$ 431,359
Restricted	630,286	-	3,083,998	20,433	3,734,717
Assigned	301,852	-	-	-	301,852
Unassigned	2,995,890	(293,806)	-	-	2,702,084
Total Fund Balances	\$ 4,359,387	\$ (293,806)	\$ 3,083,998	\$ 20,433	\$ 7,170,012
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,397,376	\$ 5,881,002	\$ 3,083,998	\$ 20,433	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	43,289,945
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(150,789)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	407,354
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
Serial Bonds Payable	(10,839,320)
Installment Purchase Debt	(1,289,757)
Amortized Bond Premium	(89,727)
Due to ERS - Stabilization Program	(49,506)
Deferred Inflows - Pensions	(9,988,827)
Deferred Outflows - Pensions	9,186,970
Deferred Inflows - OPEB	(14,272,422)
Deferred Outflows - OPEB	5,331,049
Pension Liability	(2,210,448)
OPEB Liability	(28,273,165)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(315,977)
Net Position of Governmental Activities	\$ (2,094,608)

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Major Capital Projects Fund	Community Development Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Real property and tax items	\$ 9,504,196	\$ -	\$ -	\$ -	\$ 9,504,196
Non-property taxes	4,901,324	-	-	-	4,901,324
Departmental income	341,319	-	-	-	341,319
Intergovernmental charges	287,980	-	-	-	287,980
Use of money and property	22,174	-	25,369	78	47,621
Licenses and permits	50,733	-	-	-	50,733
Fines and forfeitures	170,338	-	-	-	170,338
Sale of property and compensation for loss	23,241	-	-	-	23,241
Miscellaneous	2,097,429	70,980	3,499	44,104	2,216,012
State and county aid	673,350	1,638,215	-	-	2,311,565
Federal aid	140,599	-	-	-	140,599
Total Revenues	\$ 18,212,683	\$ 1,709,195	\$ 28,868	\$ 44,182	\$ 19,994,928
Expenditures:					
Current:					
General government support	\$ 1,987,999	\$ 116,106	\$ -	\$ 5,740	\$ 2,109,845
Public safety	5,543,600	1,437,535	-	-	6,981,135
Transportation	1,149,083	3,757,040	-	-	4,906,123
Economic assistance and development	400,508	-	57,946	-	458,454
Culture and recreation	1,010,556	29,764	-	-	1,040,320
Home and community services	258,072	-	65,803	-	323,875
Employee benefits	4,139,350	1,232	-	-	4,140,582
Debt Service:					
Debt service - principal	2,377,178	-	-	-	2,377,178
Debt service - interest and other charges	485,320	-	-	-	485,320
Total Expenditures	\$ 17,351,666	\$ 5,341,677	\$ 123,749	\$ 5,740	\$ 22,822,832
Excess (deficiency) of revenue over expenditures	\$ 861,017	\$ (3,632,482)	\$ (94,881)	\$ 38,442	\$ (2,827,904)
Other Financing Sources and Uses:					
Transfers - in	\$ 406,410	\$ -	\$ -	\$ -	\$ 406,410
Transfers - out	(119,176)	-	(171,755)	-	(290,931)
Proceeds from advance refunding	-	-	-	342,000	342,000
Transfer to escrow agent	-	-	-	(380,364)	(380,364)
Serial bonds	-	410,000	-	-	410,000
Bond anticipation notes	-	410,000	-	-	410,000
Total Other Financing Sources and Uses	\$ 287,234	\$ 820,000	\$ (171,755)	\$ (38,364)	\$ 897,115
Net change in fund balances	\$ 1,148,251	\$ (2,812,482)	\$ (266,636)	\$ 78	\$ (1,930,789)
Fund Balance - Beginning	3,211,136	2,518,676	3,350,634	20,355	9,100,801
Fund Balance - Ending	\$ 4,359,387	\$ (293,806)	\$ 3,083,998	\$ 20,433	\$ 7,170,012

The notes to the financial statements are an integral part of this statement. 20

CITY OF GENEVA, ONTARIO COUNTY, 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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (1,930,789)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 5,341,677	
Addition of assets, net	17,906	
Depreciation	<u>(2,750,044)</u>	
		2,609,539

Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. The following details these items as they effect the governmental activities:

Debt repayment	\$ 2,377,178	
Proceeds from serial bonds	(410,000)	
Proceeds from advance refunding	13,000	
Amortized bond premium	10,714	
Proceeds from BAN redemption	<u>(410,000)</u>	
		1,580,892

The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds. 3,039,627

Revenues that are not available to pay current obligations are not reported in the fund financial statement, but they are presented as revenues in the Statement of Activities. (94,674)

(Increase) decrease in proportionate share of net pension asset/liability reported in the statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues and expenditures in the governmental funds:

Employees' Retirement System		257,933
Police and Fire Retirement System		266,282

Change due to retirement system - Stabilization Program 23,448

Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences. 24,531

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 13,021

Change in Net Position of Governmental Activities \$ 5,789,810

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Net Position
Proprietary Funds
December 31, 2021

	<u>Business-Type Activities</u>		Total
	<u>Sewer Fund</u>	<u>Water Fund</u>	Business-Type Activities
ASSETS			
Cash and cash equivalents	\$ 1,379,703	\$ 3,184,146	\$ 4,563,849
Accounts receivable, net	1,282,281	1,198,249	2,480,530
Prepaid items	41,859	34,683	76,542
Capital assets:			
Land and work in progress	3,608,620	1,260,800	4,869,420
Other capital assets, net of depreciation	23,977,938	15,839,605	39,817,543
TOTAL ASSETS	<u>\$ 30,290,401</u>	<u>\$ 21,517,483</u>	<u>\$ 51,807,884</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	<u>\$ 1,222,900</u>	<u>\$ 1,225,361</u>	<u>\$ 2,448,261</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 53,808	\$ 46,629	\$ 100,437
Accrued liabilities	114,496	72,941	187,437
Due to employee retirement system	3,747	(3,747)	-
Bond anticipation note payable	3,726,000	957,500	4,683,500
Noncurrent liabilities:			
Due in one year	1,433,163	766,057	2,199,220
Due in more than one year	20,104,261	12,326,129	32,430,390
TOTAL LIABILITIES	<u>\$ 25,435,475</u>	<u>\$ 14,165,509</u>	<u>\$ 39,600,984</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>\$ 2,465,553</u>	<u>\$ 2,359,226</u>	<u>\$ 4,824,779</u>
NET POSITION			
Net investment in capital assets	\$ 3,580,913	\$ 5,613,138	9,194,051
Restricted for:			
Capital reserve	254,037	734,174	988,211
Unrestricted	(222,677)	(129,203)	(351,880)
TOTAL NET POSITION	<u>\$ 3,612,273</u>	<u>\$ 6,218,109</u>	<u>\$ 9,830,382</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>Operating Revenues:</u>			
Charges for services	\$ 4,887,342	\$ 4,082,542	\$ 8,969,884
TOTAL OPERATING REVENUE	\$ 4,887,342	\$ 4,082,542	\$ 8,969,884
<u>Operating Expenses:</u>			
Salaries	\$ 1,073,525	\$ 917,263	\$ 1,990,788
Benefits	186,775	136,617	323,392
Purchased services	1,304,352	788,867	2,093,219
Depreciation	2,272,782	1,032,302	3,305,084
Other expenses	1,098,727	528,779	1,627,506
TOTAL OPERATING EXPENSE	\$ 5,936,161	\$ 3,403,828	\$ 9,339,989
OPERATING INCOME OR (LOSS)	\$ (1,048,819)	\$ 678,714	\$ (370,105)
<u>Nonoperating Revenue (Expense):</u>			
Interest	\$ 823	\$ 837	\$ 1,660
Miscellaneous	378,968	17,843	396,811
Debt service interest	(415,350)	(256,342)	(671,692)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ (35,559)	\$ (237,662)	\$ (273,221)
Income (Loss) Before Operating Transfers	\$ (1,084,378)	\$ 441,052	\$ (643,326)
Transfers in (from governmental funds)	69,952	49,224	119,176
Transfers out (to governmental funds)	(114,867)	(119,788)	(234,655)
CHANGE IN NET POSITION	\$ (1,129,293)	\$ 370,488	\$ (758,805)
TOTAL NET POSITION, BEGINNING	4,741,566	5,847,621	10,589,187
TOTAL NET POSITION, ENDING	\$ 3,612,273	\$ 6,218,109	\$ 9,830,382

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2021

	Business-Type Activities		Total
	Sewer Fund	Water Fund	Business-Type Activities
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 4,880,781	\$ 4,008,361	\$ 8,889,142
Cash payments to suppliers for goods and services	(1,204,778)	(558,720)	(1,763,498)
Cash payments to employees	(1,577,017)	(1,374,066)	(2,951,083)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,098,986	\$ 2,075,575	\$ 4,174,561
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Transfer received from (paid to) other funds	\$ (44,915)	\$ (965,175)	\$ (1,010,090)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from debt issuance	\$ 1,580,000	\$ 3,755,000	\$ 5,335,000
Interest expense	(468,847)	(299,021)	(767,868)
(Purchase) or sale of property and equipment	(858,130)	(721,008)	(1,579,138)
Principal payments on bonds	(3,150,981)	(4,528,072)	(7,679,053)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (2,897,958)	\$ (1,793,101)	\$ (4,691,059)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 823	\$ 837	\$ 1,660
Miscellaneous	378,968	17,843	396,811
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 379,791	\$ 18,680	\$ 398,471
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (464,096)	\$ (664,021)	\$ (1,128,117)
CASH AND CASH EQUIVALENTS - BEGINNING	1,843,799	3,848,167	5,691,966
CASH AND CASH EQUIVALENTS - ENDING	\$ 1,379,703	\$ 3,184,146	\$ 4,563,849
OPERATING INCOME (LOSS)	\$ (1,048,819)	\$ 678,714	\$ (370,105)
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 2,272,782	\$ 1,032,302	\$ 3,305,084
Change in work in progress	1,336,224	808,819	2,145,043
(Increase) decrease in accounts receivable	(6,561)	(74,181)	(80,742)
(Increase) decrease in prepaid items	(4,495)	(4,133)	(8,628)
(Increase) decrease in deferred outflow	(110,823)	(190,288)	(301,111)
Increase (decrease) in accounts payable and accrued liabilities	(156,225)	(63,618)	(219,843)
Increase (decrease) in deferred inflow	1,440,404	1,428,245	2,868,649
Increase (decrease) in net OPEB liability	(522,202)	(798,969)	(1,321,171)
Increase (decrease) in net pension liability	(1,101,299)	(741,316)	(1,842,615)
TOTAL ADJUSTMENTS	\$ 3,147,805	\$ 1,396,861	\$ 4,544,666
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,098,986	\$ 2,075,575	\$ 4,174,561

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Custodial Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 476,650
	<u> </u>
TOTAL ASSETS	<u><u> </u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 476,650
	<u> </u>
TOTAL NET POSITION	<u><u> </u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2021

	Custodial Funds
	<u> </u>
ADDITIONS	
Contributions - City & Employees	\$ 248,960
	<u> </u>
TOTAL ADDITIONS	<u>\$ 248,960</u>
DEDUCTIONS	
Employee usage	<u>228,763</u>
	<u> </u>
TOTAL DEDUCTIONS	<u>\$ 228,763</u>
Change in net position	\$ 20,197
NET POSITION - BEGINNING	<u>456,453</u>
NET POSITION - ENDING	<u><u>\$ 476,650</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2021

I. Summary of Significant Accounting Policies:

The financial statements of the City of Geneva, Ontario County, New York (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City is governed by its charter of the City of Geneva, the General City Law, other general laws of the State of New York and various local laws and ordinances. The City Council, which is the legislative body responsible for the overall operation of the City, consists of the Mayor and eight Councilpersons. The City manager serves as Chief Administrative Officer and Chief Fiscal Officer of the City.

The City provides the following basic services to all residents of the City: police protection and law enforcement, firefighting and prevention, a water treatment plant and distribution system, a sewage treatment plant and collection system, a traffic control system, street lighting, a street maintenance force (including construction, repair and snow/ice removal), recreation facilities and programs, community development and a staff to provide the necessary support for these services.

All governmental activities and functions performed by the City are its direct responsibility, no other governmental organizations have been included or excluded from the reporting entity.

The City defines its reporting entity in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 of the Governmental Accounting Standards Board (GASB), *Financial Reporting Entity*. The statements define the primary government and redefine and establish the criteria for which potential component units are included in the reporting entity. They also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria under this Statement, there are no component units required to be included in the reporting entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the Proprietary Fund Financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

(I.) (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general operating fund.

2. **Fund Financial Statements**

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column. Business-type activities are aggregated and presented in a single column on the face of the Proprietary Fund Statements. Fiduciary Funds are reported by fund type.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Fund is accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Fund Reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

a. **Governmental Funds** - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the City's governmental fund types.

1. **Major Governmental Funds**

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

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.

Community Development Fund - a special revenue fund used to account for community development block grants and other federal grants not required to be accounted for in other funds.

2. **Non-Major Governmental Funds**

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds.

(I.) (Continued)

Debt Service Fund - used to account for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Special Revenue Funds – Permanent Fund - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole City.

b. Fiduciary Funds

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

Custodial Fund – is custodial in nature and does not have measurement focus. The Custodial Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

c. Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Funds' principal ongoing operations. Operating expenses include salaries, benefits, administrative expenses, claims paid. All items not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Funds – are used to account for those operations that provide a service and are financed primarily by a user charge for that service. The City's Enterprise Fund includes the Water and Sewer Funds.

3. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and Fiduciary Funds also use the accrual basis of accounting.

a. Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, City clerk fees and snow and ice reimbursements. The City considers all revenues as available if collected within one year from the balance sheet date. Property taxes are recognized when taxes are received. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due and compensated absences which are recorded when due/paid.

(I.) (Continued)

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the City will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

b. Accrual

Proprietary and Fiduciary Funds are accounted for using the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of cash inflows and outflows. Capital assets, the related debt and other long-term liabilities related to activities of the Proprietary and Fiduciary fund types are recorded within these funds.

Operating revenues and expenses generally result from the proprietary funds' principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, noncapital financing activities, or investing activities which normally would not be reported as components of operating income.

C. Assets, Liabilities, and Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, sales tax, and state aid.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(I.) (Continued)

4. **Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the City. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost.

Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 2,000	SL	10-50 Years
Building and Site Improvements	\$ 50,000	SL	10-50 Years
Infrastructure	\$ 100,000	SL	25-50 Years
Furniture and Equipment	\$ 5,000	SL	3-20 Years
Vehicles	\$ 20,000	SL	5-10 Years

5. **Unearned Revenue/Overpayments**

The City reports unearned revenues in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

6. **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

7. **Short-Term Debt**

The City may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

(I.) (Continued)

8. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the City-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the City's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

a. Compensatory Absences

The City's labor agreements and City Council rules and regulations provide for sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fractional values of unused sick leave.

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in compensated absences at year end. The compensated absences liability is calculated based on the contractually negotiated rates in effect at year end.

Compensated absences for governmental fund type employees are reported as a fund liability and as an expenditure in the government-wide financial statements. A portion of the compensated absences liability recognized is attributed to the value of sick leave converted to pay the employee's share of postemployment health insurance premiums. The compensated absences liability for the governmental and enterprise funds at the yearend totaled \$333,558 and \$165,130, respectively. A liability for those amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments are not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

9. Encumbrances

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, citywide capital improvement project and nonmajor funds.

10. Equity Classifications

a. Government-Wide and Proprietary Fund Statements

Equity is classified as net position and displayed in three components:

(I.) (Continued)

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1). external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

b. **Financial Statements –Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

2. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
3. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
4. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
5. **Unassigned fund balance** – Amounts that are available for City purposes subject to any Municipal Law restrictions. Any positive amounts are reported only in the general fund.

c. The Board has passed the following policies that relate to GASB No. 54:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the City and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (Encumbrances at year-end will now be considered assigned funds.)

The City Council has the authority to assign fund balance for the purpose of tax reduction on an annual basis. (Appropriation of fund balance for ensuing year's budget)

(I.) (Continued)

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the City Board and/or City voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The City’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Special revenue fund balances are classified as assigned, and any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.

D. Revenues, Expenditures/Expenses

1. Revenues

Real Property Taxes attach as an enforceable lien on property as of January 1st. Taxes are levied upon budget adoption and are payable in two installments on February 1st and June 1st. The City bills and collects City and Ontario County real property taxes on properties within the City. The City also collects real property taxes of the Geneva City School District which remain unpaid at March 1st. The City pays the County and School District the full amount of their property taxes during the year.

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the most recent 5-year average full valuation of taxable real property. Taxes for principal and interest on long-term debt and for budgetary appropriations for capital outlay are excludable. The City has exhausted 39.83% of its constitutional tax limit.

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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

(I.) (Continued)

Governmental Funds – By Character: Current (further classified by function)
 Debt Service
 Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources. Government-wide financial statements report expenses relating to use of economic resources.

E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

(I.) (Continued)

G. New Accounting Standards

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2021, the City implemented the following new standards issued by GASB:

GASB has issued Statement 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 13 and 14*.

H. Future Changes in Accounting Standards

GASB has issued Statement 87 *Leases*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 91 *Conduct Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraph 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 96 *Subscription Based Information Technology*, which will be effective for reporting periods beginning after December 15, 2022.

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 99, *Omnibus 2022*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

The City is currently reviewing these statements and plans on adoption as required.

II. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

(II.) (Continued)

A. Budgetary Data

Annual budgets are adopted for the general, tech, capital, and enterprise funds only. Formal annual budgets are not prepared for the City's remaining special revenue, debt service and capital projects funds.

1. Budget Policies - The budget policies are as follows:

- a.** No later than October 5, the City Manager submits a tentative budget to the City Council the following year commencing the following January 1. The tentative budget includes appropriations and the proposed means of financing them. The general fund's budget is prepared on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level.
- b.** After public hearings are conducted to obtain taxpayer comments, no later than November 20, the City Council adopts the budget.
- c.** All modifications of the budget must be approved by the City Council.
- d.** Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. Budget Basis of Accounting

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary comparison schedules are presented in the financial statements.

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

B. Deposit and Investment Laws and Regulations

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the City's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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 Districts.

(II.) (Continued)

C. Deficit Net Position

The governmental activities in the government-wide net position had a deficit at December 31, 2021 of \$2,094,608. The deficit is the result of the implementation of GASB Statement 75, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, which required the recognition of an unfunded liability related to governmental activities of \$28,273,165 at December 31, 2021. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

D. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$293,806 at December 31, 2021, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

E. Overexpended Budget

The General Fund had an excess of actual expenditures over budget for the year.

III. Detail Notes on All Funds and Account Groups:

A. Deposits and Investments

The city’s investment policies are governed by State statutes. In addition, the city has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts, and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The city’s aggregate bank balances were fully collateralized at December 31, 2021.

The city reports restricted cash and cash equivalents amounts to support restricted fund balance and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2021, the city reported \$2,777,841 of cash and cash equivalents as restricted.

Investment and Deposit Policy - The City follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City Comptroller.

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The city’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(III.) (Continued)

Credit Risk - The City's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The city's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposits
- Obligation of the United States Treasurer and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the city including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provision of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits.

The City's third party custodial financial institution provided the following securities as collateral which are in accordance with the City's investment policy and third party custodial agreement:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

B. Loan Receivables

The loans receivable recorded in the Community Development Fund represent revolving loans receivable issued under the City's Community Development Block Grant programs and those passed through the U.S. Department of Housing and Urban Development. Loans outstanding as of December 31, 2021 under both programs amounted to \$1,210,845, against which an allowance of \$253,969 for uncollectible loans has been recorded.

(III.) (Continued)

C. Receivables

Receivables at December 31, 2021 for individual major and non-major funds consisted of the following, which are stated at net realizable value. City management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Government Funds</u>				<u>Business-Type Activities</u>		
	<u>General</u>	<u>Capital</u>	<u>Community Development</u>	<u>Total</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>Receivables -</u>							
Taxes receivable	\$ 605,549	\$ -	\$ -	\$ 605,549	\$ -	\$ -	\$ -
Rents receivable	-	-	-	-	183,535	167,360	350,895
Accounts receivable	720,365	-	1,210,845	1,931,210	1,098,746	1,030,889	2,129,635
Allowance for uncollectables	-	-	(253,969)	(253,969)	-	-	-
Total Receivables, net	\$ 1,325,914	\$ -	\$ 956,876	\$ 2,282,790	\$ 1,282,281	\$ 1,198,249	\$ 2,480,530
<u>State and Federal -</u>							
Due from state and federal	\$ 680,513	\$ 2,526,620	\$ -	\$ 3,207,133	\$ -	\$ -	\$ -
<u>Other Governments -</u>							
Due from other governments	\$ 717,911	\$ -	\$ -	\$ 717,911	\$ -	\$ -	\$ -
Total Receivables	\$ 2,724,338	\$ 2,526,620	\$ 956,876	\$ 6,207,834	\$ 1,282,281	\$ 1,198,249	\$ 2,480,530

D. Tax Abatement

The City of Geneva IDA, and the City enter into various property tax and sales tax abatement programs for the purpose of Economic Development. As a result, the City property tax revenue was reduced \$971,937. The City received payment in lieu of tax (PILOT) payment totaling \$971,937 to help offset the property tax reduction.

(III.) (Continued)

E. **Interfund Revenues and Expenditures**

Interfund revenues and expenditures at December 31, 2021 were as follows:

	Interfund	
	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 406,410	\$ 119,176
Business-Type - Sewer Fund	69,952	114,867
Business-Type - Water Fund	49,224	119,788
Community Development Fund	-	171,755
Total	<u>\$ 525,586</u>	<u>\$ 525,586</u>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The City typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain capital project expenditures and debt service expenditures.

F. **Changes In Capital Assets**

1. **Governmental Activities**

A summary of governmental changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/21</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,089,823	\$ -	\$ -	\$ 1,089,823
Work in progress	5,057,408	5,341,677	1,466,141	8,932,944
Total Nondepreciable	\$ 6,147,231	\$ 5,341,677	\$ 1,466,141	\$ 10,022,767
<u>Capital Assets that are Depreciated -</u>				
Buildings and Site Improvements	\$ 30,468,310	\$ 9,981	\$ -	\$ 30,478,291
Machinery, equipment, & Vehicles	9,359,042	1,943,745	146,932	11,155,855
Infrastructure	28,978,645	-	450,876	28,527,769
Total Depreciated Assets	\$ 68,805,997	\$ 1,953,726	\$ 597,808	\$ 70,161,915
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 12,405,045	\$ 908,354	\$ -	\$ 13,313,399
Machinery, equipment, & Vehicles	6,530,585	813,846	128,129	7,216,302
Infrastructure	15,337,192	1,027,844	-	16,365,036
Total Accumulated Depreciation	\$ 34,272,822	\$ 2,750,044	\$ 128,129	\$ 36,894,737
Total Capital Assets Depreciated, Net of Accumulated Depreciation	\$ 34,533,175	\$ (796,318)	\$ 469,679	\$ 33,267,178
Total Capital Assets	<u>\$ 40,680,406</u>	<u>\$ 4,545,359</u>	<u>\$ 1,935,820</u>	<u>\$ 43,289,945</u>

(III.) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General Government	\$ 33,282
Public Safety	471,653
Transportation	1,338,730
Culture and Recreation	742,871
Home and Community Services	163,508
Total Depreciation Expense	<u><u>\$ 2,750,044</u></u>

2. **Business-Type Activities**

A summary of business-type activity changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/21</u>
<u>Business-Type Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 310,800	\$ -	\$ -	\$ 310,800
Work in progress	5,193,535	1,510,128	2,145,043	4,558,620
<i>Total Nondepreciable</i>	<u>\$ 5,504,335</u>	<u>\$ 1,510,128</u>	<u>\$ 2,145,043</u>	<u>\$ 4,869,420</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Site Improvements	\$ 16,073,247	\$ -	\$ -	\$ 16,073,247
Machinery, equipment, & vehicles	26,489,034	28,400	381,637	26,135,797
Infrastructure	37,412,582	422,246	-	37,834,828
<i>Total Depreciated Assets</i>	<u>\$ 79,974,863</u>	<u>\$ 450,646</u>	<u>\$ 381,637</u>	<u>\$ 80,043,872</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 5,748,918	\$ 343,791	\$ -	\$ 6,092,709
Machinery, equipment, & vehicles	14,880,644	1,594,723	-	16,475,367
Infrastructure	16,291,684	1,366,569	-	17,658,253
<i>Total Accumulated Depreciation</i>	<u>\$ 36,921,246</u>	<u>\$ 3,305,083</u>	<u>\$ -</u>	<u>\$ 40,226,329</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 43,053,617</u>	<u>\$ (2,854,437)</u>	<u>\$ 381,637</u>	<u>\$ 39,817,543</u>
Total Capital Assets	<u><u>\$ 48,557,952</u></u>	<u><u>\$ (1,344,309)</u></u>	<u><u>\$ 2,526,680</u></u>	<u><u>\$ 44,686,963</u></u>

Depreciation expense totaling \$3,305,083 was charged to home and community services.

(III.) (Continued)

G. Short-Term Debt

Transactions in short-term debt for the year are summarized below:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance 1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/21</u>
<u>Governmental Activities:</u>						
City Hall	2017	2.50%	\$ 440,000	\$ -	\$ (440,000)	\$ -
Construction of a Curtain Wall Breakwater	2018	2.50%	720,000	-	(30,000)	690,000
Sidewalk Reconstruction	2019	2.50%	120,000	-	(15,000)	105,000
Various Sidewalk Reconstruction & Equip Acquisition	2019	2.50%	1,300,000	-	(325,000)	975,000
Various Park Improv.	2019	2.50%	175,000	-	(10,000)	165,000
Lafayette Ave	2020	1.50%	1,100,000	-	-	1,100,000
Various Park Improv.	2020	1.50%	175,000	-	-	175,000
Long Pier Improv.	2020	1.50%	750,000	-	-	750,000
Fire Truck	2021	1.00%	-	1,497,000	-	1,497,000
<u>Business-Type Activities:</u>						
<u>Water -</u>						
Lochlan Rd Water Main	2016	2.50%	3,365,000	-	(3,365,000)	-
City Hall	2017	2.50%	440,000	-	(440,000)	-
Preemption Road	2017	2.50%	130,000	-	(130,000)	-
Lafayette Ave	2020	1.50%	687,500	-	-	687,500
Water Trmt Plant Transformer	2020	1.50%	270,000	-	-	270,000
<u>Sewer -</u>						
Gulvin Park Wastewater Trmt Plant	2016	2.50%	430,000	-	(430,000)	-
Marsh Creek Wastewater Trmt Plant	2016	2.50%	55,000	-	(55,000)	-
City Hall	2017	2.50%	440,000	-	(440,000)	-
Sealing/Resealing city Lines	2017	2.50%	180,000	-	(15,000)	165,000
Doran Ave Matters	2017	2.50%	270,000	-	(270,000)	-
Doran Ave Pumps/Controls	2017	2.50%	130,000	-	(130,000)	-
Doran Ave Bell Press	2017	2.50%	360,000	-	(360,000)	-
Sewer Line Reconstruction	2019	2.50%	50,000	-	(10,000)	40,000
Gulvin Park Wastewater Trmt Plant	2019	2.50%	225,000	-	(10,000)	215,000
Marsh Creek Wastewater Trmt Plant	2019	2.50%	2,074,200	-	(94,200)	1,980,000
Lafayette Ave	2020	1.50%	962,500	-	-	962,500
Gulvin Park WWTP Pump	2020	1.50%	363,500	-	-	363,500
Total Short-Term Debt			\$ 15,212,700	\$ 1,497,000	\$ (6,569,200)	\$ 10,140,500

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 74,744
Less: Interest Accrued in the Prior Year	(24,571)
Plus: Interest Accrued in the Current Year	53,285
Total Short-Term Interest Expense	\$ 103,458

(III.) (Continued)

H. **Long-Term Debt**

At December 31, 2021 the total outstanding obligations of the City aggregated \$77,715,091 as follows:

1. **Serial Bonds**

The City borrows money in order to acquire land, high cost equipment, to construct buildings and improvements, and for infrastructure development and maintenance. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are supported by the full faith and credit debt of the City. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

2. **Interest Reconciliation**

A summary of the long-term interest expense as of December 31, 2021 is as follows:

Governmental Activities:

Interest Paid	\$ 410,576
Less: Interest Accrued in the Prior Year	(139,239)
Less: Amortized bond premium	(10,714)
Plus: Interest Accrued in the Current Year	<u>97,504</u>
Total Long-Term Interest Expense - Governmental Activities	<u>\$ 358,127</u>

Business-Type Activities:

Interest Paid	<u>\$ 671,692</u>
Total Long-Term Interest Expense - Business-Type Activities	<u><u>\$ 671,692</u></u>

3. **Other Long-Term Obligations**

In addition to long-term bonded debt the City had the following other obligations:

Installment Purchase Debt – represents capital leases the City has.

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability- represents health insurance benefits provided to employees upon retirement.

Net Pension Liability – represents long-term pension liability.

(III.) (Continued)

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2021:

	<u>Balance</u> <u>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Serial Bonds	\$ 12,148,860	\$ 752,000	\$ 2,061,540	\$ 10,839,320	\$ 1,432,700
Unamortized Premium	100,441	-	10,714	89,727	10,714
Installment Purchase Debt	1,550,395	-	260,638	1,289,757	243,988
Due to Retirement System	72,954	-	23,448	49,506	24,305
Net Pension Liability	9,586,608	-	7,376,160	2,210,448	-
Compensated Absences	358,390	-	24,832	333,558	17,581
OPEB	37,396,033	-	9,122,868	28,273,165	-
Total Governmental Activities	\$ 61,213,681	\$ 752,000	\$ 18,880,200	\$ 43,085,481	\$ 1,729,288
<u>Business-Type Activities:</u>					
Serial Bonds	\$ 26,926,070	\$ 11,898,000	\$ 8,959,012	\$ 29,865,058	\$ 2,047,852
Unamortized Premium	245,504	-	36,307	209,197	36,307
Installment Purchase Debt	366,691	-	99,534	267,157	103,268
Due to Retirement System	35,386	-	11,371	24,015	11,793
Net Pension Liability	1,873,847	-	1,866,630	7,217	-
Compensated Absences	161,771	3,359	-	165,130	-
OPEB	5,413,007	-	1,321,171	4,091,836	-
Total Business-Type Activities	\$ 35,022,276	\$ 11,901,359	\$ 12,294,025	\$ 34,629,610	\$ 2,199,220
Total Long-Term Obligations	\$ 96,235,957	\$ 12,653,359	\$ 31,174,225	\$ 77,715,091	\$ 3,928,508

Additions and deletions to net pension liability, compensated absences, and OPEB are shown net since it is impractical to determine these amounts separately.

(III.) (Continued)

5. Debt Maturity Schedule

The following is a statement of bonds with corresponding maturity schedules:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 12/31/21</u>
Governmental Activities:					
General Fund -					
Various Projects	\$ 2,238,000	2014	2023	2.50%-3.50%	\$ 65,000
Various Projects	\$ 1,874,485	2018	2023	2.00%-5.00%	422,320
Refunding	\$ 4,085,127	2018	2032	3.00%-3.50%	2,970,000
Various Projects	\$ 7,250,000	2020	2034	2.00%-2.50%	6,630,000
Various Projects	\$ 410,000	2021	2032	1.54%	410,000
Various Projects	\$ 342,000	2021	2028	3.00%-4.00%	342,000
Business-Type Activities:					
Water Fund -					
Various Projects	\$ 4,425,000	2014	2023	2.50%-3.50%	110,000
Refunding	\$ 2,186,215	2018	2030	2.00%-5.00%	978,065
Various Projects	\$ 2,893,339	2018	2039	3.00%-3.50%	2,470,000
Various Projects	\$ 1,245,000	2020	2037	2.00%-2.50%	1,180,000
Various Projects	\$ 3,755,000	2021	2037	1.54%	3,755,000
Various Projects	\$ 1,786,000	2021	2040	3.00%-4.00%	1,786,000
Sewer Fund -					
Sewer Improvements-EFC	\$ 13,666,554	2008	2038	0.00%	7,744,378
Various Projects	\$ 6,545,000	2014	2041	2.50%-3.50%	215,000
Refunding	\$ 2,594,300	2018	2030	2.00%-5.00%	1,594,615
Various Projects	\$ 3,868,339	2018	2039	3.00%-3.50%	3,335,000
Various Projects	\$ 360,000	2020	2037	2.00%-2.50%	340,000
Various Projects	\$ 1,580,000	2021	2037	1.54%	1,580,000
Various Projects	\$ 4,777,000	2021	2042	2.00%-4.00%	4,777,000
Total					\$ 40,704,378

6. The following table summarizes the City's future debt service requirements as of December 31, 2021:

<u>Year</u>	SERIAL BONDS			
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,432,700	\$ 239,351	\$ 2,047,852	\$ 567,884
2023	1,115,620	207,995	1,984,932	572,995
2024	900,000	182,404	2,010,552	526,113
2025	921,000	160,120	1,939,552	480,494
2026	941,000	137,316	1,864,552	433,136
2027-31	4,469,000	347,152	8,643,760	1,533,693
2032-36	1,060,000	19,118	7,642,756	743,545
2037-41	-	-	3,556,102	154,332
2042	-	-	175,000	1,859
Total	\$ 10,839,320	\$ 1,293,456	\$ 29,865,058	\$ 5,014,051

(III.) (Continued)

INSTALLMENT PURCHASE DEBT				
Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 243,988	\$ 57,589	\$ 103,268	\$ 11,211
2023	244,536	46,791	38,322	7,333
2024	255,477	35,850	40,037	5,618
2025	266,908	24,419	41,829	3,827
2026	278,848	12,477	43,701	1,955
Total	\$ 1,289,757	\$ 177,126	\$ 267,157	\$ 29,944

On December 29, 2021, the City issued \$6,905,000 in general obligation bonds with an average interest rate of 3.2% to advance refund \$7,520,000 of outstanding serial bonds with an average interest rate of 3.9%. The net proceeds of \$7,655,034 (after payment of \$115,683 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the City's financial statements. The City advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (the difference between the present value of the debt service payments on the old and new debt) is approximately \$1,264,145.

7. **Deferred Outflow and Inflow of Resources**

The City has the following deferred outflow and Inflow of resources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Pension	\$ 9,186,970	\$ 9,988,827	\$ 1,676,220	\$ 2,155,851
Bonds	-	-	-	602,000
OPEB	5,331,049	14,272,422	772,041	2,066,928
Total	\$ 14,518,019	\$ 24,261,249	\$ 2,448,261	\$ 4,824,779

I. **Fund Balances/Net Position**

1. **Fund Balances**

a. **Nonspendable**

The City has the following nonspendable funds:

Nonspendable Prepaid Items - The City has prepaid various items and the cash is no longer available therefore those funds are nonspendable.

b. **Restricted**

Currently, New York State laws still use the terminology reserves. The City currently utilizes the following reserves which are classified as restricted funds:

(III.) (Continued)

1. **Governmental Funds**

- a. **Capital Reserve** – Established to be used for the construction, reconstruction or acquisition of general types of the capital improvements or the acquisition of general types of items or types of equipment. The balance at December 31, 2021 is \$464,890.
- b. **General Reserve** – Represents amounts set aside for substance use prevention education and for use related to drug activity. The balance at December 31, 2021 is \$115,396.
- d. **Retirement Contribution Reserve** – Represents funds to be used to pay contributions to the retirement system The balance at December 31, 2021 is \$50,000.
- e. **Community Development** – Represents funds that had restrictions externally imposed by the funding agency that provided funding for the loan programs administered by the City.
- f. **Permanent Fund** – Represents amounts received that must remain intact and any earnings used for the purposes of the cemetery.

c. **Assigned**

The City has the following assigned funds:

- General Fund –
 - 1. Appropriated for Taxes
 - 2. Encumbrances

Encumbrances represent purchase commitments made by the City’s purchasing agent through their authorization of a purchase order prior to year end. The City assignment is based on the functional level of expenditures.

Management has determined that amounts in excess of \$28,000 are considered significant, the City does not have any significant encumbrances.

d. **Unassigned**

Unassigned funds include the residual classification for the City’s general fund and all spendable amounts not contained in other classifications.

The following table summarizes the City’s fund balance according to the descriptions above:

(III.) (Continued)

FUND BALANCE:	General Fund	Capital Projects Fund	Community Development Fund	Permanent Fund	Total
<u>Nonspendable -</u>					
Prepaid items	\$ 431,359	\$ -	\$ -	\$ -	\$ 431,359
Total Nonspendable	\$ 431,359	\$ -	\$ -	\$ -	\$ 431,359
<u>Restricted -</u>					
Capital reserves	\$ 464,890	\$ -	\$ -	\$ -	\$ 464,890
General reserve	115,396	-	-	-	115,396
Retirement contributions	50,000	-	-	-	50,000
Community development fund	-	-	3,083,998	-	3,083,998
Cemetery fund	-	-	-	20,433	20,433
Total Restricted	\$ 630,286	\$ -	\$ 3,083,998	\$ 20,433	\$ 3,734,717
<u>Assigned -</u>					
Appropriated for taxes	\$ 281,800	\$ -	\$ -	\$ -	\$ 281,800
General government support	25	-	-	-	25
Public safety	20,027	-	-	-	20,027
Total Assigned	\$ 301,852	\$ -	\$ -	\$ -	\$ 301,852
Unassigned	\$ 2,995,890	\$ (293,806)	\$ -	\$ -	\$ 2,702,084
TOTAL FUND BALANCE	\$ 4,359,387	\$ (293,806)	\$ 3,083,998	\$ 20,433	\$ 7,170,012

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the City has provided otherwise in its commitment actions.

2. **Net Position - Restricted for Other Purposes**

Represents those amounts which have been restricted by enabling legislation or Board Resolutions.

Community Development	\$ 3,083,998
General reserve	115,396
Retierment reserve	50,000
Permanent	20,433
Total Net Position - Restricted for Other Purposes	\$ 3,269,827

IV. General Information and Pension Plans:

A. General Information About Pension Plan

1. Plan Description

The City participates in the New York State Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement Systems (the System). These are cost sharing multiple employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

2. Benefits Provided

The Systems provide retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

(IV.) (Continued)

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

(IV.) (Continued)

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment				
<u>Due Date</u>		<u>ERS</u>		<u>PFRS</u>
12/15/2021	\$	779,137	\$	1,291,437

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

(IV.) (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2021, the City reported a liability of \$2,217,665 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2021, the City's proportion was 0.0172559 percent for ERS and 0.1267358 percent for PFRS.

For the year ended December 31, 2021 the City recognized pension expense of \$1,292,759. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 209,843	\$ 488,276	\$ -	\$ -
Changes of assumptions	3,159,287	5,406,349	59,585	-
Net difference between projected and actual earnings on pension plan investments	-	-	4,935,793	6,470,391
Changes in proportion and differences between the District's contributions and proportionate share of contributions	36,762	-	137,601	541,308
Subtotal	<u>\$ 3,405,892</u>	<u>\$ 5,894,625</u>	<u>\$ 5,132,979</u>	<u>\$ 7,011,699</u>
City's contributions subsequent to the measurement date	594,095	968,578	-	-
Grand Total	<u><u>\$ 3,999,987</u></u>	<u><u>\$ 6,863,203</u></u>	<u><u>\$ 5,132,979</u></u>	<u><u>\$ 7,011,699</u></u>

(IV.) (Continued)

Deferred Outflows of Resources

	Governmental		Total Governmental	Proprietary		Total Proprietary	Grand Total
	PFRS	ERS		Water	Sewer		
Differences between expected and actual experience	\$ 488,276	\$ 121,709	\$ 609,985	\$ 39,870	\$ 48,264	\$ 88,134	\$ 698,119
Changes of assumptions	5,406,349	1,832,386	7,238,735	600,265	726,636	1,326,901	8,565,636
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	21,322	21,322	6,985	8,455	15,440	36,762
SubTotal	<u>\$ 5,894,625</u>	<u>\$ 1,975,417</u>	<u>\$ 7,870,042</u>	<u>\$ 647,120</u>	<u>\$ 783,355</u>	<u>\$ 1,430,475</u>	<u>\$ 9,300,517</u>
City's contributions subsequent to the measurement date	968,578	594,095	1,562,673	-	-	-	1,562,673
Grand Total	<u><u>\$ 6,863,203</u></u>	<u><u>\$ 2,569,512</u></u>	<u><u>\$ 9,432,715</u></u>	<u><u>\$ 647,120</u></u>	<u><u>\$ 783,355</u></u>	<u><u>\$ 1,430,475</u></u>	<u><u>\$ 10,863,190</u></u>

Deferred Inflows of Resources

	Governmental		Total Governmental	Proprietary		Total Proprietary	Grand Total
	PFRS	ERS		Water	Sewer		
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	34,559	34,559	11,321	13,705	25,026	59,585
Net difference between projected and actual earnings on pension plan investments	6,470,391	2,862,760	9,333,151	937,801	1,135,232	2,073,033	11,406,184
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	541,308	79,809	621,117	26,144	31,648	57,792	678,909
Grand Total	<u><u>\$ 7,011,699</u></u>	<u><u>\$ 2,977,128</u></u>	<u><u>\$ 9,988,827</u></u>	<u><u>\$ 975,266</u></u>	<u><u>\$ 1,180,585</u></u>	<u><u>\$ 2,155,851</u></u>	<u><u>\$ 12,144,678</u></u>

(IV.) (Continued)

The City reported \$1,562,673 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2022	\$ (350,732)	\$ (444,506)
2023	(142,205)	(167,767)
2024	(283,993)	(325,143)
2025	(950,157)	(1,217,723)
2026	-	1,038,065
Total	\$ (1,727,087)	\$ (1,117,074)

1. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2021	March 31, 2021
Actuarial valuation date	April 1, 2021	April 1, 2020
Interest rate	5.90%	5.90%
Salary scale	4.40%	6.20%
Decrement tables	April 1 2010 - 31-Mar-15 System's Experience	April 1 2010 - 31-Mar-15 System's Experience
Inflation rate	2.70%	2.70%
COLA's	1.40%	1.40%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2020 System's experience with adjustments for mortality improvements based on MP-2019.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

(IV.) (Continued)

<u>Asset Type</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.05%
International equity	6.30%
Private equity	6.75%
Real estate	4.95%
Absolute return strategies *	4.50%
Opportunistic portfolios	4.50%
Real assets	5.95%
Cash	0.50%
Inflation-indexed bonds	0.50%
Credit	3.63%

The real rate of return is net of the long-term inflation assumption of 2% for ERS and 2% for PFRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

2. Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90%) or 1-percentagepoint higher (6.90%) than the current rate:

	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (4,769,166)	\$ (17,182)	\$ 4,365,258
<u>PFRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (9,357,693)	\$ (2,200,483)	\$ 3,723,838

(IV.) (Continued)

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775
Plan net position	<u>220,580,583</u>	<u>39,500,500</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (1,736,275)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	95.79%

V. **Postemployment Benefits**

A. **General Information About the OPEB Plan**

Plan Description – The City’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The City provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the City offices and are available upon request.

Employees Covered by Benefit Terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	165
Active Employees	<u>108</u>
Total	<u>273</u>

B. **Total OPEB Liability**

The City’s total OPEB liability of \$32,365,001 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

(V.) (Continued)

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.44 percent
Salary Increases	3.44 percent, average, including inflation
Discount Rate	2.19 percent
Healthcare Cost Trend Rates	6.10 percent for 2021, decreasing to an ultimate rate of 4.37 percent for 2075 and later years
Retirees' Share of Benefit-Related Costs	Various percent of projected health insurance premiums for retirees

The discount rate was based on Fidelity General Obligation AA-20 Year Municipal Bond rate.

Mortality rates were based on the RP-2021 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

C. Changes in the Total OPEB Liability

Balance at December 31, 2020	<u>\$ 42,809,040</u>
<u>Changes for the Year -</u>	
Service cost	\$ 990,275
Interest	1,025,071
Differences between expected and actual experience	(13,009,574)
Changes in assumptions or other inputs	1,815,450
Benefit payments	<u>(1,265,261)</u>
Net Changes	<u>\$ (10,444,039)</u>
Balance at December 31, 2021	<u>\$ 32,365,001</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.41 percent in 2020 to 2.19 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(1.19%)</u>	<u>Rate</u>	<u>(3.19%)</u>
	<u>(2.19%)</u>		<u>(3.19%)</u>
Total OPEB Liability	\$ 37,396,959	\$ 32,365,001	\$ 28,304,501

(V.) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.10% Decreasing to 3.37%)	Healthcare Cost Trend Rates (6.10% Decreasing to 4.37%)	1% Increase (7.10% Increasing to 5.37%)
Total OPEB Liability	\$ 27,727,489	\$ 32,365,001	\$ 38,306,002

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$(2,205,181). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,545,692
Changes of assumptions	5,783,299	793,658
City's contributions subsequent to the measurement date	319,791	-
Total	\$ 6,103,090	\$ 16,339,350

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2022	\$ (3,656,235)
2023	(2,594,288)
2024	(2,611,267)
2025	(1,694,261)
Total	\$ (10,556,051)

VI. Risk Management

A. General Information

The City is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

VII. Commitments and Contingencies

A. Litigation

There is one pending claim filed against the City in which the outcome and any potential liability cannot be determined at this time. There is also one tax certiorari claim requesting reduction of assessments pending. The outcome of the tax certiorari claim is undeterminable at this time.

B. Grants

The City participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Operating Leases

The City of Geneva, Ontario County, New York entered into a lease agreement on January 26, 2016, for a term of 25 years, to lease a firehouse to provide a fire station for the Geneva Fire Department. The total cost of the lease was \$47,039 for the year ended December 30, 2021. The future minimum lease payments for the lease is as follows:

<u>Year</u>	
2022	\$ 47,149
2023	47,261
2024	47,376
2025	47,493
2026	13,002
2027-31	32,274
2032-36	35,632
2037-41	31,158
Total	<u>\$ 301,345</u>

VIII. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity, budgetary projections and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, budgetary projections, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its budgetary projections, results of operations, financial condition, or liquidity for year 2022.

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of Changes in City's Total OPEB Liability and Related Ratio
(Unaudited)
For the Year Ended December 31, 2021

	TOTAL OPEB LIABILITY				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 990,275	\$ 1,009,198	\$ 795,573	\$ 998,340	\$ 1,123,292
Interest	1,025,071	1,182,660	1,517,578	1,564,281	1,478,651
Differences between expected and actual experiences	(13,009,574)	(3,376,449)	(5,538,401)	(3,739,366)	(954,726)
Changes of assumptions or other inputs	1,815,450	1,997,000	7,626,327	(2,470,051)	(3,317,750)
Benefit payments	(1,265,261)	(1,232,324)	(1,220,737)	(1,209,182)	(1,160,471)
Net Change in Total OPEB Liability	\$ (10,444,039)	\$ (419,915)	\$ 3,180,340	\$ (4,855,978)	\$ (2,831,004)
Total OPEB Liability - Beginning	\$ 42,809,040	\$ 43,228,955	\$ 40,048,615	\$ 44,904,593	\$ 47,735,597
Total OPEB Liability - Ending	\$ 32,365,001	\$ 42,809,040	\$ 43,228,955	\$ 40,048,615	\$ 44,904,593
Covered Employee Payroll	\$ 7,480,081	\$ 7,785,169	\$ 7,481,893	\$ 7,263,974	\$ 7,263,974
Total OPEB Liability as a Percentage of Covered Employee Payroll	432.68%	549.88%	577.78%	551.33%	618.18%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of the City's Proportionate Share of the Net Pension Liability
(Unaudited)
For the Year Ended December 31, 2021

NYSERS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (assets)	0.0172559%	0.0168483%	0.0179236%	0.0193164%	0.0200672%	0.0205785%	0.0203924%	0.0203924%
Proportionate share of the net pension liability (assets)	\$ 17,182	\$ 4,461,539	\$ 1,269,939	\$ 623,425	\$ 1,885,555	\$ 3,302,899	\$ 688,906	\$ 921,504
Covered-employee payroll	\$ 4,657,201	\$ 4,678,936	\$ 4,484,960	\$ 4,494,486	\$ 4,278,834	\$ 4,186,806	\$ 4,013,208	\$ 4,143,232
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	0.369%	95.354%	28.316%	13.871%	44.067%	78.888%	17.166%	22.241%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%
NYSFPFRS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (assets)	0.1267358%	0.1309448%	0.1351315%	0.1393693%	0.1393879%	0.1465621%	0.1443866%	0.1443866%
Proportionate share of the net pension liability (assets)	\$ 2,200,483	\$ 6,998,916	\$ 2,266,241	\$ 1,408,685	\$ 2,889,026	\$ 4,339,392	\$ 397,438	\$ 601,095
Covered-employee payroll	\$ 4,765,886	\$ 4,712,937	\$ 4,650,429	\$ 4,452,294	\$ 4,824,078	\$ 4,832,699	\$ 4,985,244	\$ 4,984,194
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	46.172%	148.504%	48.732%	31.640%	59.888%	89.792%	7.972%	12.060%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	99.00%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of City Contributions
(Unaudited)
For the Year Ended December 31, 2021

NYSERS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 760,827	\$ 702,027	\$ 654,243	\$ 691,115	\$ 737,571	\$ 754,700	\$ 896,991	\$ 971,531
Contributions in relation to the contractually required contribution	<u>(760,827)</u>	<u>(702,027)</u>	<u>(654,243)</u>	<u>(691,115)</u>	<u>(737,571)</u>	<u>(754,700)</u>	<u>(896,991)</u>	<u>(971,531)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,479,735	\$ 4,728,361	\$ 4,685,100	\$ 4,441,430	\$ 4,606,664	\$ 4,657,875	\$ 4,634,600	\$ 4,080,472
Contributions as a percentage of covered-employee payroll	16.98%	14.85%	13.96%	15.56%	16.01%	16.20%	19.35%	23.81%
NYSPPRS Pension Plan								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2012</u>
Contractually required contributions	\$ 1,236,235	\$ 1,054,094	\$ 997,437	\$ 1,183,798	\$ 1,011,250	\$ 962,770	\$ 888,919	\$ 1,000,532
Contributions in relation to the contractually required contribution	<u>(1,236,235)</u>	<u>(1,054,094)</u>	<u>(997,437)</u>	<u>(1,183,798)</u>	<u>(1,011,250)</u>	<u>(962,770)</u>	<u>(888,919)</u>	<u>(1,000,532)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,715,849	\$ 4,791,901	\$ 4,717,277	\$ 4,598,085	\$ 4,502,010	\$ 4,351,743	\$ 4,048,540	\$ 4,556,579
Contributions as a percentage of covered-employee payroll	26.21%	22.00%	21.14%	25.75%	22.46%	22.12%	21.96%	21.96%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2021

GENERAL FUND					
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 9,241,920	\$ 9,241,920	\$ 9,504,196	\$ -	\$ 262,276
Non-property taxes	3,361,527	3,825,938	4,901,324	-	1,075,386
Departmental income	359,500	359,500	341,319	-	(18,181)
Intergovernmental charges	375,974	375,974	287,980	-	(87,994)
Use of money and property	31,850	31,850	22,174	-	(9,676)
Licenses and permits	79,000	79,000	50,733	-	(28,267)
Fines and forfeitures	78,000	78,000	170,338	-	92,338
Sale of property and compensation for loss	76,000	76,000	23,241	-	(52,759)
Miscellaneous	387,046	387,046	2,097,429	-	1,710,383
State and county aid	1,759,090	1,759,090	673,350	-	(1,085,740)
Federal aid	-	-	140,599	-	140,599
Total Revenues	\$ 15,749,907	\$ 16,214,318	\$ 18,212,683	\$ -	\$ 1,998,365
Expenditures:					
Current:					
General government support	\$ 2,024,918	\$ 2,045,109	\$ 1,987,999	\$ 25	\$ 57,085
Public safety	5,484,030	5,494,000	5,543,600	20,027	(69,627)
Transportation	1,207,787	1,273,290	1,149,083	-	124,207
Economic assistance and development	77,009	75,509	400,508	-	(324,999)
Culture and recreation	939,184	1,006,551	1,010,556	-	(4,005)
Home and community services	155,893	151,453	258,072	-	(106,619)
Employee benefits	3,989,030	4,293,710	4,139,350	-	154,360
Total Expenditures	\$ 16,685,110	\$ 17,149,521	\$ 17,351,666	\$ 20,052	\$ (222,197)
Excess (deficiency) of revenue over expenditures	\$ (935,203)	\$ (935,203)	\$ 861,017	\$ (20,052)	\$ 1,776,168
Other Financing Sources and Uses:					
Transfers - in	\$ 620,507	\$ 620,507	\$ 406,410	\$ -	\$ (214,097)
Transfers - out	-	-	(119,176)	-	(119,176)
Total Other Financing Sources and Uses	\$ 620,507	\$ 620,507	\$ 287,234	\$ -	\$ (333,273)
Net change in fund balances	\$ (314,696)	\$ (314,696)	\$ 1,148,251	\$ (20,052)	\$ 1,442,895
Fund Balance - Beginning	3,211,136	3,211,136	3,211,136	-	-
Fund Balance - Ending	\$ 2,896,440	\$ 2,896,440	\$ 4,359,387	\$ (20,052)	\$ 1,442,895

Notes to Required Supplemental Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ -	\$ 20,433	\$ 20,433
Total Assets	<u>\$ -</u>	<u>\$ 20,433</u>	<u>\$ 20,433</u>
Fund Balances:			
Restricted	\$ -	\$ 20,433	\$ 20,433
Total Fund Balances	<u>\$ -</u>	<u>\$ 20,433</u>	<u>\$ 20,433</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 20,433</u>	<u>\$ 20,433</u>

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
Revenues:			
Use of money and property	\$ -	\$ 78	\$ 78
Miscellaneous	44,104	-	44,104
Total Revenues	\$ 44,104	\$ 78	\$ 44,182
Expenditures:			
Current:			
General government support	\$ 5,740	\$ -	\$ 5,740
Total Expenditures	\$ 5,740	\$ -	\$ 5,740
Excess (deficiency) of revenue over expenditures	\$ 38,364	\$ 78	\$ 38,442
Other Financing Sources and Uses:			
Proceeds from bond refunding	\$ 342,000	\$ -	\$ 342,000
Transfer to escrow agent	(380,364)	-	(380,364)
Total Other Financing Sources and Uses	\$ (38,364)	\$ -	\$ (38,364)
Net change in fund balances	\$ -	\$ 78	\$ 78
Fund Balance - Beginning	-	20,355	20,355
Fund Balance - Ending	\$ -	\$ 20,433	\$ 20,433