

**AUDITED  
BASIC FINANCIAL STATEMENTS**

**CITY OF GENEVA, NEW YORK**

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**DECEMBER 31, 2020**

**CITY OF GENEVA, NEW YORK**  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council  
City of Geneva, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, New York (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, 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.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
October 11, 2021

# Management's Discussion and Analysis

## City of Geneva, New York

### Fiscal Year ended December 31, 2020

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, 2020. 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 2020 showed signs of struggle for City operations. After a few years of positive end of year balances, the City executed a pivot in 2020 toward a slight financial backslide. Some portions of these deficits were planned and some unplanned or due to emergencies such as the COVID-19 pandemic.

#### 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 trustee or agent for the benefit of others.

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.

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.

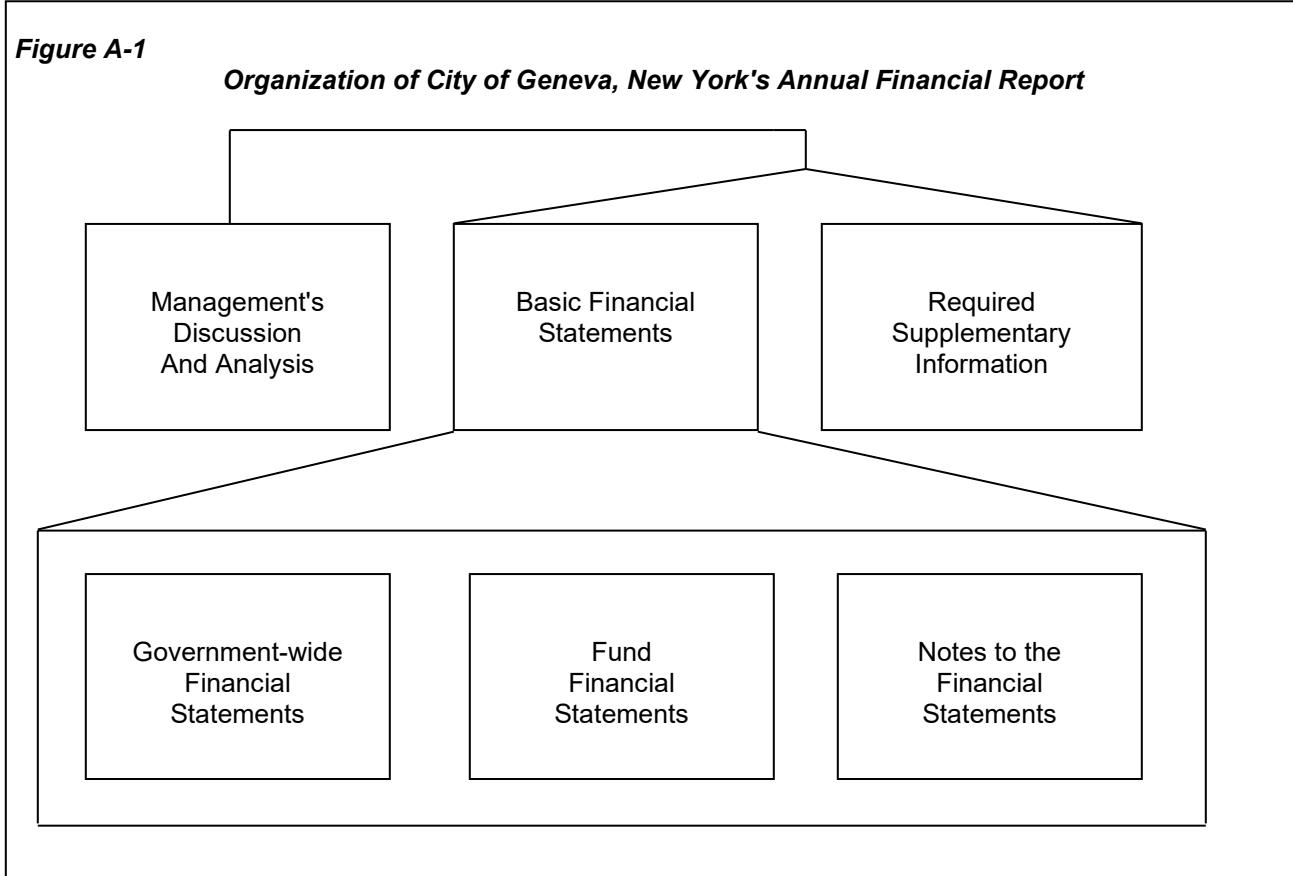


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

<b>Figure A-2</b> <b>Major Features of the Government-wide and Fund Financial Statements</b>			
		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"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Net Position</li> <li>Statement of Revenues, Expenses and Changes in Net Position</li> <li>Statement of Cash Flows</li> </ul>
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/out-flow 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 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 trustee, or fiduciary, for assets that belong to others, such as deposits. 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. Fiscal Year 2020 represents a backslide, including decreases in net position, total assets, liquidity, and unrestricted fund balance. It was determined early on in 2020 that this would potentially happen due to COVID-19 and the impact it had on local governments as well as the economy as a whole.

On the general fund side of the ledger, revenues were under budget by about \$700,000 while expenditures were only off around \$50,000. Although expenses were on target, the lack of revenues caused a significant deficit in 2020. On the utility fund side, the water fund also saw a significant decrease in fund balance while the sewer fund ended 2020 with a surplus, adding to its fund balance.

### *Explanation/Analysis of Financial Statements*

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 22) 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 from its total assets.

For 2020, the Statement of Net Position did not show growth in the position of general government activities (those you would traditionally attribute to a municipality, including public safety, streets and roads, parks, etc.). The net position stands at (\$7,884,418).

For 2020, the City experienced a decrease in cash and cash equivalents due to catching up on some borrowings that were unspent for capital projects in prior years. Additionally, capital assets decreased due to a slow-down of investing in the City’s infrastructure, which also resulted in a decrease in the City’s debt costs.

The City’s business-type activities (our water and sewer programs) showed a slight overall decrease in net position of around 5% to \$10,589,187. This decrease was attributable to an increase in cost of operations and transfers to the general fund.

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

These statements (Page 26) 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.

For general government operations, revenues remained relatively flat between 2019 and 2020. The City recognized \$3,653,937 of state and federal aid related to ongoing capital projects. An emphasis on cost management lead to a relatively even cut in costs across all operational areas.

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 \$1,239,033 for 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.

At the close of 2020, expenses and transfers exceeded revenues by \$245,969. This resulted in a closing, unrestricted general fund unassigned fund balance of \$1,973,394, or 11.09% of current year (2020) appropriations.

For 2020, the enterprise funds (water and sewer) yielded mixed results. While cash receipts failed to exceed cash allocations in the sewer fund, the water fund experienced an increase in cash.

In the water fund, revenues increased approximately \$110,000 due to increased billings and related operations and expenses decreased approximately \$718,000. This resulted in an increase in net position of approximately \$830,720.

The sewer fund revenues increased by approximately \$85,000 while expenses increased by approximately \$390,000 with the most significant increases in depreciation and OPEB expense, ultimately resulting in a decrease in net position of approximately \$1,333,022.

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).

#### *Summary*

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 fund is still within the desired range. However, water and sewer currently fall below. This is being addressed moving forward.

On a broader scale, the City's general governmental operations accounts are performing well, with revenues stabilized and expenses declining. 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.

Staff 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.

**Condensed Statement of Net Position**  
*(in thousands of dollars)*

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2020	2019		2020	2019	
	\$	\$		\$	\$	
Current and other assets	16,184	16,274	-0.55%	7,265	7,042	3.17%
Capital assets, net	40,680	41,704	-2.46%	48,558	49,257	-1.42%
Total assets	<u>56,864</u>	<u>57,978</u>	<u>-1.92%</u>	<u>55,823</u>	<u>56,299</u>	<u>-0.85%</u>
Deferred outflows of resources	12,564	8,391	49.73%	2,147	1,235	73.85%
Long-term liabilities	6,727	49,273	-86.35%	11,005	34,160	-67.78%
Other liabilities	61,214	13,382	357.44%	35,022	10,777	224.97%
Total liabilities	<u>67,941</u>	<u>62,655</u>	<u>8.44%</u>	<u>46,027</u>	<u>44,937</u>	<u>2.43%</u>
Deferred inflows of resources	9,372	10,554	-11.20%	1,354	1,506	-10.09%
Net investment in capital assets	26,881	27,063	-0.67%	15,412	15,390	0.14%
Restricted for:						
Capital projects	465	465	0.00%	701	701	0.00%
Public safety	11	17	-35.29%	-	-	0.00%
Cemetery	20	20	0.00%	-	-	0.00%
Community development	3,351	3,724	-10.02%	-	-	0.00%
Retirement	50	50	100.00%	-		
Unrestricted	<u>(38,663)</u>	<u>(38,179)</u>	<u>-1.27%</u>	<u>(5,524)</u>	<u>(5,000)</u>	<u>-10.48%</u>
Total net position	<u><u>\$ (7,885)</u></u>	<u><u>\$ (6,840)</u></u>	<u><u>15.28%</u></u>	<u><u>\$ 10,589</u></u>	<u><u>\$ 11,091</u></u>	<u><u>-4.53%</u></u>

<b><i>Changes in Net Position from Operating Results (in thousands of dollars)</i></b>							
	<b>Governmental Activities</b>		<b>Total Percentage Change</b>	<b>Business-Type Activities</b>		<b>Total Percentage Change</b>	
	<b>2020</b>	<b>2019</b>		<b>2020</b>	<b>2019</b>		
<b>Program Revenues:</b>							
Charges for services	\$ 819	\$ 1,132	-27.65%	\$ 8,558	\$ 8,417	1.68%	
Operating grants and contributions	1,765	-	0.00%	-	-	0.00%	
<b>General Revenues:</b>							
Property taxes, and property tax items	8,416	8,268	1.79%	-	-	0.00%	
Non-property taxes	3,919	4,203	-6.76%	-	-	0.00%	
Interest earnings	34	28	21.43%	2	2	0.00%	
State and federal sources	2,550	2,487	2.53%	-	-	0.00%	
Premium on bond anticipation note	90	70	28.57%	47	66	-28.79%	
Miscellaneous	437	172	154.07%	152	85	78.82%	
<b>Total revenues</b>	<b>18,030</b>	<b>16,360</b>	<b>10.21%</b>	<b>8,759</b>	<b>8,570</b>	<b>2.21%</b>	
<b>Program Expenses:</b>							
General government	2,551	2,863	-10.90%	-	-	0.00%	
Public safety	9,720	9,256	5.01%	-	-	0.00%	
Transportation	2,772	2,421	14.50%	-	-	0.00%	
Economic assistance	243	295	-17.63%	-	-	0.00%	
Culture and recreation	2,115	2,095	0.95%	-	-	0.00%	
Home and community service	2,282	1,476	54.61%	8,194	8,519	-3.82%	
Interest on debt	459	546	-15.93%	-	-	0.00%	
<b>Total expenses</b>	<b>20,142</b>	<b>18,952</b>	<b>6.28%</b>	<b>8,194</b>	<b>8,519</b>	<b>-3.82%</b>	
<b>Increase (decrease) in net position before transfers</b>							
	(2,112)	(2,592)	18.52%	565	51	1007.84%	
<b>Transfers</b>	<b>1,067</b>	<b>953</b>	<b>-11.96%</b>	<b>(1,067)</b>	<b>(953)</b>	<b>11.96%</b>	
<b>Change in net position</b>	<b>(1,045)</b>	<b>(1,639)</b>	<b>-36.24%</b>	<b>(502)</b>	<b>(902)</b>	<b>-44.35%</b>	
<b>Net position-beginning, as restated</b>	<b>(6,840)</b>	<b>(6,825)</b>	<b>0.22%</b>	<b>11,091</b>	<b>11,993</b>	<b>-7.52%</b>	
<b>Net position-ending</b>	<b>\$ (7,885)</b>	<b>\$ (8,464)</b>	<b>-6.84%</b>	<b>\$ 10,589</b>	<b>\$ 11,091</b>	<b>-4.53%</b>	

## 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.

<b><i>Net Cost of Activities (in thousands of dollars)</i></b>						
	<b>Governmental Activities</b>		<b>Total</b>	<b>Business-Type Activities</b>		<b>Total</b>
	<b>Total Cost of Services</b>		<b>Percentage Change</b>	<b>Net Cost of Services</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>		<b>2020</b>	<b>2019</b>	
General government	2,353	2,616	-10.05%	-	-	0.00%
Public safety	9,412	8,780	7.20%	-	-	0.00%
Transportation	2,480	781	217.54%	-	-	0.00%
Economic assistance	243	295	-17.63%	-	-	0.00%
Culture & recreation	1,932	1,831	5.52%	-	-	0.00%
Home & community service	679	1,347	-49.59%	(364)	(102)	256.86%
Interest on debt	459	546	-15.93%	-	-	0.00%
<b>Total</b>	<b>\$ 17,558</b>	<b>\$ 16,196</b>	<b>8.41%</b>	<b>\$ (364)</b>	<b>\$ (102)</b>	<b>256.86%</b>

### **Financial Analysis of the City's Funds**

The fiscal year ending December 31, 2020 concluded with positive fund balance/net positions in the City's general, water and sewer funds but each fund had their own difficulties due to COVID-19.

#### **The General Fund**

The general fund's assets decreased in fiscal year ending December 31, 2020. This decrease is shown mainly in one-time expenses.

Revenues for the general fund increased compared to prior year due to a number of grant awards. Revenues without the inclusion of this State Aid remained similar to the prior year.

Expenditures for the general fund decreased compared to the prior year and this decrease is related to expenditures for the capital projects and other one-time costs that occurred in 2019 but not in 2020.

#### **Water Fund**

The water fund, including depreciation, had a positive change in net position. A lack of water consumption was reflected in the total amount billed out last year for water service. This continues to have an impact in net position of both the water and sewer funds.

#### **Sewer Fund**

The sewer fund, including depreciation, has experienced a negative change in net position once again. A large part of this change from year-to-year resulted from a continuation of water consumption declining which is used to calculate sewer sales.

#### **Capital Projects Fund**

The City has a continuation of governmental projects accounted for in the capital projects fund.

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

	<b>2020</b>		Expenditures/ Expenses	Fund Balance/ Net Position
	Revenues	Expenditures/ Expenses		
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	
<b>2019</b>				
	Restated Revenues	Expenditures/ Expenses	Restated Fund Balance/ Net Position	
General Fund	\$ 17,906	\$ 18,756	\$ 3,457	
Community Development Fund	218	494	3,724	
Capital Fund	1,305	2,438	(4,418)	
Cemetery	-	-	20	
Sewer Fund	4,980	5,486	6,074	
Water Fund	3,590	3,033	5,017	

Revenues and Expenditures include other financing sources or 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 methods 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 have not seen much of an increase the past few years. 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 in the City's general fund. Several capital projects will effect the water and sewer funds as well including a sewer lining project, repairs 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, 2020 and 2019 is presented below. Additional information on the City's capital asset can be found in Note 3.F to the financial statements.

<b><i>Capital Assets Net of Depreciation</i></b> <b><i>(in thousands of dollars)</i></b>						
	Governmental Activities		Business -Type Activities			
	2020	2019	2020	2019		
Land	\$ 1,090	\$ 1,090	\$ 311	\$ 311		
Construction work in progress	5,057	6,099	5,194	11,012		
Land improvements	5,449	5,901	36	37		
Site-improvements	26	27	35	52		
Buildings	12,588	13,035	10,254	10,579		
Machinery & equipment	2,828	3,319	11,592	11,828		
Infrastructure	13,642	12,233	21,136	15,438		
<b>Total</b>	<b>\$ 40,680</b>	<b>\$ 41,704</b>	<b>\$ 48,558</b>	<b>\$ 49,257</b>		

## Long-Term Obligations

For the year ending December 31, 2020, the City's constitutional debt limit was \$27,529,160. Outstanding bonds and bond anticipation notes totaled \$54,209,682. Of this total, \$18,680,030 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 3.M to the financial statements.

A summary of the City's long-term liabilities at December 31, 2020 and 2019 is presented below.

<b><i>Outstanding Long-Term Obligations</i></b> <b><i>(in thousands of dollars)</i></b>						
	Governmental Activities		Business-Type Activities		2020	2019
	2020	2019	2020	2019		
General obligation debt backed by the City	\$ 12,149	\$ 5,962	\$ 26,926	\$ 27,403		
Unamortized premium	100	111	246	272		
Installment purchase debt	1,550	1,850	367	463		
Compensated absences	358	331	162	135		
Employee retirement system	73	96	35	46		
Other post employment benefits	37,397	37,921	5,413	5,308		
Net pension liability	9,587	3,003	1,873	533		
Total	\$ <u>61,214</u>	\$ <u>49,274</u>	\$ <u>35,022</u>	\$ <u>34,160</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:* Beginning in 2015, the City's financial management team established weekly cost meetings with the entire management staff. Department managers are required to submit spending requests each week, for review and approval by the City Manager and 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 entered into inter-municipal agreements with the City of Canandaigua for the provision of information technology and real property assessment services. This has resulted in reduced costs in both areas. Additionally, in 2015, City Council approved the consolidation of emergency communications services between the City and Ontario County. This is on target for a mid-2016 conversion. When complete, this will result in an immediate, annual cost reduction of over \$250,000. 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:* Staff developed a monthly, high level performance reporting program in 2014 to provide City Council and the public with a range of indicators of financial and operational performance. During 2015, staff developed an expanded reporting system, which provides City Council and the management team with monthly 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:

- *Lack of Specialized Reserves:* While unassigned fund balance levels are returning to healthy levels, the City's balance sheet continues to lack specialized reserves for areas of operation including capital programming, equipment amortization, and revenue stabilization, among others dictated by best practice. Funding of these critical reserves can mitigate escalating capital costs and reduce the need for debt issuance for capital and equipment needs. Additionally, the City can mitigate or slow the impacts of volatile revenue streams including sales and occupancy taxes, the dynamics of which are only within limited control of the City.

The City will resolve this by evaluating best practices for establishment of reserves, and establishing a funding plan for each area of reserve development.

- *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.

## 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.

- *Craft Food and Beverage Innovation District:* In 2015, City Council identified the alignment of private sector expertise, academic and research resources, and local place-making successes as they relate to the attraction of food and beverage firms in the region. Council has established this as the centerpiece of their economic development efforts.

The City will capitalize on this by developing out entrepreneurial support networks that encourage firms at all stages of development to locate in the City. This will result in enhanced property values and job creation for new and existing City residents.

- *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, recently experienced turnover at the City Manager position. In recent discussions with the new Manager, it was discovered that there is a high level of interest in expanded partnerships.

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:* Anecdotal observations seemed to indicate a very healthy performance for County sales tax receipts in the fourth quarter of 2015. When actual receipts were processed, it was determined that the 4<sup>th</sup> quarter collections were lower than collections for the same period in the previous year. 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. This approach paid off in 2015, as even with the fourth quarter dip, collections exceeded City forecasts.

- *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 13% of general fund appropriations. While the State is currently in a position of fiscal stability and growth, one only need look back five years to see the impacts of national decline on state finances. 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 2020 adopted City budget cites fiscal sustainability 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, water, and sewer funds are all now at levels within compliance of Council adopted financial policies. 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, NEW YORK**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 949,292	\$ 165,098	\$ 1,114,390
Certificates of deposit	20,355	-	20,355
Cash and cash equivalents - restricted	6,123,971	5,526,868	11,650,839
Certificates of deposit - restricted	1,654,176	-	1,654,176
Receivables (net of allowance for uncollectible receivables)			
Accounts receivable	276,687	2,399,788	2,676,475
Taxes receivable	900,835	-	900,835
Loans receivable	846,903	-	846,903
Intergovernmental receivables	4,120,547	-	4,120,547
Internal balances	894,611	(894,611)	-
Prepaid items	396,858	67,914	464,772
Capital assets not being depreciated	6,147,231	5,504,335	11,651,566
Capital assets, net of accumulated depreciation	34,533,175	43,053,617	77,586,792
<b>Total assets</b>	<b>56,864,641</b>	<b>55,823,009</b>	<b>112,687,650</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred postemployment benefits outflows	5,723,228	828,427	6,551,655
Deferred pension outflows	6,840,728	1,318,723	8,159,451
<b>Total deferred outflows of resources</b>	<b>12,563,956</b>	<b>2,147,150</b>	<b>14,711,106</b>
<b>LIABILITIES</b>			
Accounts payable	339,261	288,253	627,514
Accrued interest payable	163,810	283,613	447,423
Unearned revenue	1,439,556	-	1,439,556
Other liabilities	4,707	-	4,707
Bond anticipation notes payable	4,780,000	10,432,700	15,212,700
Noncurrent liabilities:			
Due and payable within one year	2,019,221	1,947,282	3,966,503
Due and payable after one year	59,194,460	33,074,994	92,269,454
<b>Total liabilities</b>	<b>67,941,015</b>	<b>46,026,842</b>	<b>113,967,857</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred postemployment benefits inflows	8,581,360	1,242,136	9,823,496
Deferred pension inflows	790,640	111,994	902,634
<b>Total deferred inflows of resources</b>	<b>9,372,000</b>	<b>1,354,130</b>	<b>10,726,130</b>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	26,880,711	15,412,472	42,293,183
Restricted for:			
Capital projects	464,774	701,383	1,166,157
Public safety	11,414	-	11,414
Cemetery	20,355	-	20,355
Community development	3,350,634	-	3,350,634
Retirement contribution	50,000	-	50,000
Unrestricted (deficit)	(38,662,306)	(5,524,669)	(44,186,975)
<b>Total net position (deficit)</b>	<b>\$ (7,884,418)</b>	<b>\$ 10,589,186</b>	<b>\$ 2,704,768</b>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 2,550,566	\$ 197,356	\$ -	\$ (2,353,210)	\$ -	\$ (2,353,210)
Public safety	9,719,839	308,134	-	(9,411,705)	-	(9,411,705)
Transportation	2,771,708	6,668	284,888	(2,480,152)	-	(2,480,152)
Economic assistance and opportunity	243,020	-	-	(243,020)	-	(243,020)
Culture and recreation	2,114,738	183,181	-	(1,931,557)	-	(1,931,557)
Home and community services	2,282,463	123,449	1,480,409	(678,605)	-	(678,605)
Interest on debt	459,332	-	-	(459,332)	-	(459,332)
<b>Total governmental activities</b>	<b>20,141,666</b>	<b>818,788</b>	<b>1,765,297</b>	<b>(17,557,581)</b>	<b>-</b>	<b>(17,557,581)</b>
<b>Business-type activities</b>						
Sewer	5,875,181	4,902,567	-	-	(972,614)	(972,614)
Water	2,319,034	3,655,602	-	-	1,336,568	1,336,568
<b>Total business-type activities</b>	<b>8,194,215</b>	<b>8,558,169</b>	<b>-</b>	<b>-</b>	<b>363,954</b>	<b>363,954</b>
<b>Total primary government</b>	<b>\$ 28,335,881</b>	<b>\$ 9,376,957</b>	<b>\$ 1,765,297</b>	<b>(17,557,581)</b>	<b>363,954</b>	<b>(17,193,627)</b>
General revenues:						
Real property taxes and real property tax items			8,415,687	-		8,415,687
Non-property taxes			3,918,490	-		3,918,490
Interest earnings			33,636	1,575		35,211
State and federal aid not restricted for a specific purpose			2,550,497	-		2,550,497
Premium on bond anticipation notes			90,462	47,587		138,049
Gain on sale of capital assets			-	11,245		11,245
Other miscellaneous revenues			436,820	140,615		577,435
Transfers			1,067,278	(1,067,278)		-
<b>Total general revenues and transfers</b>	<b></b>	<b></b>	<b>16,512,870</b>	<b>(866,256)</b>	<b></b>	<b>15,646,614</b>
Change in net position			(1,044,711)	(502,302)		(1,547,013)
Net position (deficit) - beginning			(6,839,707)	11,091,489		4,251,782
<b>Net position (deficit) - ending</b>	<b>\$ (7,884,418)</b>	<b>\$ 10,589,187</b>	<b>\$ 2,704,769</b>			

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	<b>General</b>	<b>Community Development</b>	<b>Capital Projects</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 501,372	\$ -	\$ 447,920	\$ -	\$ 949,292
Certificates of deposit	-	-	-	20,355	20,355
Cash and cash equivalents - restricted	526,188	817,783	4,780,000	-	6,123,971
Certificates of deposit - restricted		1,654,176			1,654,176
Receivables (net of allowance for uncollectible receivables):					
Accounts receivable	276,687	-	-	-	276,687
Taxes receivable	900,835	-	-	-	900,835
Loans receivable	-	846,903	-	-	846,903
Intergovernmental receivable	1,793,026	49,934	2,277,587	-	4,120,547
Due from other funds	894,611	-	-	-	894,611
Prepaid items	396,858	-	-	-	396,858
Total assets	<u>\$ 5,289,577</u>	<u>\$ 3,368,796</u>	<u>\$ 7,505,507</u>	<u>\$ 20,355</u>	<u>\$ 16,184,235</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 114,268	\$ 18,162	\$ 206,831	\$ -	\$ 339,261
Accrued liabilities	17,882	-	-	-	17,882
Unearned revenue	1,439,556	-	-	-	1,439,556
Other liabilities	4,707	-	-	-	4,707
Bond anticipation notes payable	-	-	4,780,000	-	4,780,000
Total liabilities	<u>1,576,413</u>	<u>18,162</u>	<u>4,986,831</u>	<u>-</u>	<u>6,581,406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	<u>502,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,028</u>
Total deferred inflows of resources	<u>502,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,028</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020 (CONTINUED)**

	<b>General</b>	<b>Community Development</b>	<b>Capital Projects</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Governmental Funds</b>
<b>FUND BALANCES</b>					
Nonspendable	396,858	-	-	-	396,858
Restricted	526,188	3,350,634	-	20,355	3,897,177
Assigned	314,696	-	2,518,676	-	2,833,372
Unassigned	1,973,394	-	-	-	1,973,394
Total fund balances	<u>3,211,136</u>	<u>3,350,634</u>	<u>2,518,676</u>	<u>20,355</u>	<u>9,100,801</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>5,289,577</u>	\$ <u>3,368,796</u>	\$ <u>7,505,507</u>	\$ <u>20,355</u>	
Amounts reported for governmental activities in the Statement of Net Position (page 22) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation					40,680,406
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:					
Accrued interest payable					(163,810)
Serial bonds payable					(12,148,860)
Unamortized bond premium					(100,441)
Compensated absences					(340,508)
Installment purchase debt					(1,550,395)
Total OPEB liability					(37,396,033)
Due to retirement system liability					(72,954)
Net pension liability					(9,586,608)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds					502,028
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:					
Deferred postemployment benefits outflows					5,723,228
Deferred postemployment benefits inflows					(8,581,360)
Deferred pension outflows					6,840,728
Deferred pension inflows					<u>(790,640)</u>
Net position of governmental activities					\$ <u>(7,884,418)</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>General</b>	<b>Community Development</b>	<b>Capital Projects</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes	\$ 6,795,236	\$ -	\$ -	\$ -	\$ 6,795,236
Real property tax items	1,411,171	-	-	-	1,411,171
Non property taxes	3,918,490	-	-	-	3,918,490
Departmental income	335,530	-	-	-	335,530
Intergovernmental charges	357,842	-	859	-	358,701
Use of money and property	23,478	28,946	-	67	52,491
Fines and forfeitures	39,200	-	-	-	39,200
Licenses and permits	67,361	-	-	-	67,361
Sale of property and compensation for loss	200,036	-	-	-	200,036
Miscellaneous local sources	235,664	261	-	-	235,925
State sources	3,652,569	-	376,202	-	4,028,771
Federal sources	1,368	285,655	-	-	287,023
<b>Total revenues</b>	<b>17,037,945</b>	<b>314,862</b>	<b>377,061</b>	<b>67</b>	<b>17,729,935</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,995,098	19,447	-	-	2,014,545
Public safety	5,629,943	-	-	-	5,629,943
Transportation	1,161,275	-	-	-	1,161,275
Economic assistance and opportunity	243,020	-	-	-	243,020
Culture and recreation	1,248,617	-	-	-	1,248,617
Home and community services	1,604,959	496,914	-	-	2,101,873
Employee benefits	4,029,699	-	-	-	4,029,699
Capital outlay:					
General government	-	-	579,730	-	579,730
Transportation	-	-	765,820	-	765,820
Culture and recreation	-	-	170,535	-	170,535
Debt service:					
Principal	1,362,404	-	-	-	1,362,404
Interest	512,932	-	-	-	512,932
<b>Total expenditures</b>	<b>17,787,947</b>	<b>516,361</b>	<b>1,516,085</b>	<b>-</b>	<b>19,820,393</b>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020 (CONTINUED)**

	<b>General</b>	<b>Community Development</b>	<b>Capital Projects</b>	<b>Nonmajor Permanent Fund</b>	<b>Total Governmental Funds</b>
Excess (deficit) of revenues over expenditures	(750,002)	(201,499)	(1,139,024)	67	(2,090,458)
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers in	1,239,033	-	735,000	-	1,974,033
Interfund transfers out	(735,000)	(171,755)	-	-	(906,755)
Serial bond proceeds	-	-	7,250,000	-	7,250,000
Premium on bond issuance	-	-	90,462	-	90,462
Total other financing sources (uses)	<u>504,033</u>	<u>(171,755)</u>	<u>8,075,462</u>	<u>-</u>	<u>8,407,740</u>
Net change in fund balances	(245,969)	(373,254)	6,936,438	67	6,317,282
Fund balances (deficit) - beginning	<u>3,457,105</u>	<u>3,723,888</u>	<u>(4,417,762)</u>	<u>20,288</u>	<u>2,783,519</u>
Fund balances - ending	<u>\$ 3,211,136</u>	<u>\$ 3,350,634</u>	<u>\$ 2,518,676</u>	<u>\$ 20,355</u>	<u>\$ 9,100,801</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, 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, 2020**

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Net change in fund balances - total governmental funds (page 27) \$ 6,317,282

Amounts reported for governmental activities in the Statement of Activities (page 23) are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$2,639,580) exceeded capital outlays (\$3,973,165) excluding construction work in progress placed in service (\$2,357,313) in the current period. (1,023,728)

Change in the proportionate share of the net pension and OPEB deferred inflows and outflows reported in the Statement of Net Position during the measurement period between the City's contributions and its proportionate share to the total contributions to the pension systems and OPEB subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in deferred outflows and inflows - other postemployment benefits	416,759
Change in deferred outflows and inflows - pension - proportionate share	<u>4,937,791</u>
	5,354,550

Change in the proportionate share of net pension and OPEB liabilities reported in the Statement of Net Position do not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the governmental funds.

Total OPEB liability	525,214
Net pension liability - proportionate share	<u>(6,583,803)</u>
	(6,058,589)

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. 209,280

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid. 42,887

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Additionally, in the Statement of Activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Issuance of serial bonds	\$ 1,063,210
Amortization of bond premiums	10,713
Repayment of serial bonds	(7,250,000)
Repayment of installment purchase debt	299,194
Change in compensated absences	(32,127)
Change due to retirement system - Stabilization Program	<u>22,617</u>
	(5,886,393)
Change in net position of governmental activities	\$ <u>(1,044,711)</u>

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION – ENTERPRISE FUNDS**  
**DECEMBER 31, 2020**

	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 165,098	\$ -	\$ 165,098
Cash and cash equivalents - restricted	1,678,701	3,848,167	5,526,868
Receivables	1,275,720	1,124,068	2,399,788
Prepaid items	37,364	30,550	67,914
Total current assets	<u>3,156,883</u>	<u>5,002,785</u>	<u>8,159,668</u>
Noncurrent assets:			
Capital assets not being depreciated	3,926,772	1,577,563	5,504,335
Capital assets, net of accumulated depreciation	26,410,662	16,642,955	43,053,617
Total noncurrent assets	<u>30,337,434</u>	<u>18,220,518</u>	<u>48,557,952</u>
Total assets	<u>33,494,317</u>	<u>23,223,303</u>	<u>56,717,620</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred postemployment benefits outflows	327,123	501,304	828,427
Deferred pension outflows	784,954	533,769	1,318,723
Total deferred outflows of resources	<u>1,112,077</u>	<u>1,035,073</u>	<u>2,147,150</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	191,731	96,522	288,253
Accrued interest payable	167,993	115,620	283,613
Due to other funds	-	894,611	894,611
Bond anticipation notes payable	5,540,200	4,892,500	10,432,700
Due to retirement system	6,574	4,799	11,373
Compensated absences	9,804	6,373	16,177
Installment purchase debt	47,979	51,554	99,533
Bonds payable	1,288,802	531,397	1,820,199
Total current liabilities	<u>7,253,083</u>	<u>6,593,376</u>	<u>13,846,459</u>
Noncurrent liabilities:			
Compensated absences	88,237	57,357	145,594
Due to retirement system	13,881	10,132	24,013
Installment purchase debt	89,769	177,389	267,158
Bonds payable	18,609,876	6,741,499	25,351,375
Total OPEB liability	2,137,448	3,275,559	5,413,007
Net pension liability	1,115,385	758,462	1,873,847
Total noncurrent liabilities	<u>22,054,596</u>	<u>11,020,398</u>	<u>33,074,994</u>
Total liabilities	<u>29,307,679</u>	<u>17,613,774</u>	<u>46,921,453</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred postemployment benefits inflows	490,486	751,650	1,242,136
Deferred pension inflows	66,663	45,331	111,994
Total deferred inflows of resources	<u>557,149</u>	<u>796,981</u>	<u>1,354,130</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,185,535	9,226,938	15,412,473
Restricted for capital projects	253,974	447,409	701,383
Unrestricted (deficit)	<u>(1,697,943)</u>	<u>(3,826,726)</u>	<u>(5,524,669)</u>
Total net position	<u>\$ 4,741,566</u>	<u>\$ 5,847,621</u>	<u>\$ 10,589,187</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION – ENTERPRISE FUNDS**  
**DECEMBER 31, 2020**

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See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION— ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,902,567	\$ 3,655,602	\$ 8,558,169
Other operating revenues	130,548	10,067	140,615
Total operating revenues	<u>5,033,115</u>	<u>3,665,669</u>	<u>8,698,784</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	2,459,065	765,270	3,224,335
Contractual expense	857,990	561,785	1,419,775
Depreciation	2,157,328	762,600	2,919,928
Total operating expenses	<u>5,474,383</u>	<u>2,089,655</u>	<u>7,564,038</u>
Operating income (loss)	<u>(441,268)</u>	<u>1,576,014</u>	<u>1,134,746</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	780	795	1,575
Interest expense	(400,798)	(229,379)	(630,177)
Gain on sale of capital assets	-	11,245	11,245
Premium on bond anticipation notes	20,082	27,505	47,587
Total nonoperating expenses	<u>(379,936)</u>	<u>(189,834)</u>	<u>(569,770)</u>
Income (loss) before transfers	<u>(821,204)</u>	<u>1,386,180</u>	<u>564,976</u>
Transfers out	<u>(511,818)</u>	<u>(555,460)</u>	<u>(1,067,278)</u>
Change in net position	<u>(1,333,022)</u>	<u>830,720</u>	<u>(502,302)</u>
Net position - beginning	<u>6,074,588</u>	<u>5,016,901</u>	<u>11,091,489</u>
Net position - ending	<u>\$ 4,741,566</u>	<u>\$ 5,847,621</u>	<u>\$ 10,589,187</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,950,891	\$ 3,789,163	\$ 8,740,054
Cash payments for contractual expenses	(1,015,821)	(242,388)	(1,258,209)
Cash payments to employees for services	(1,539,190)	(1,286,860)	(2,826,050)
Other operating revenues	130,548	10,067	140,615
Net cash provided by operating activities	<u>2,526,428</u>	<u>2,269,982</u>	<u>4,796,410</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(511,818)	(555,460)	(1,067,278)
Net cash used by noncapital financing activities	<u>(511,818)</u>	<u>(555,460)</u>	<u>(1,067,278)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,466,423)	(754,726)	(2,221,149)
Principal payments on debt	(1,431,606)	(1,096,674)	(2,528,280)
Proceeds from debt issuance	1,326,000	957,500	2,283,500
Proceeds from sale of capital assets	-	11,245	11,245
Interest paid on debt	(440,006)	(268,168)	(708,174)
Premium on bond anticipation notes	20,082	27,505	47,587
Net cash used by capital and related financing activities	<u>(1,991,953)</u>	<u>(1,123,318)</u>	<u>(3,115,271)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	780	795	1,575
Net cash provided by investing activities	<u>780</u>	<u>795</u>	<u>1,575</u>
Net increase in cash and cash equivalents	23,437	591,999	615,436
Cash and cash equivalents - beginning	1,820,362	3,256,168	5,076,530
Cash and cash equivalents - ending	<u>\$ 1,843,799</u>	<u>\$ 3,848,167</u>	<u>\$ 5,691,966</u>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>			
Cash and cash equivalents	\$ 165,098	\$ -	\$ 165,098
Cash and cash equivalents - restricted	1,678,701	3,848,167	5,526,868
Total cash and cash equivalents	<u>\$ 1,843,799</u>	<u>\$ 3,848,167</u>	<u>\$ 5,691,966</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (441,268)	\$ 1,576,014	\$ 1,134,746
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,157,328	762,600	2,919,928
Pension expense	191,581	130,275	321,856
Change in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	48,324	133,561	181,885
Prepaid items	2,875	(2,783)	92
Increase (decrease) in:			
Accounts payable	(79,023)	29,479	(49,544)
Due to other funds	(81,683)	292,701	211,018
Compensated absences	18,458	8,309	26,767
Due to retirement system	(6,342)	(4,629)	(10,971)
Postemployment benefits	716,178	(655,545)	60,633
Net cash provided by operating activities	<u>\$ 2,526,428</u>	<u>\$ 2,269,982</u>	<u>\$ 4,796,410</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF NET POSITION – FIDUCIARY FUND**  
**DECEMBER 31, 2020**

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 456,453
Total assets	<u>456,453</u>
<b>NET POSITION</b>	
Restricted for individuals	\$ 456,453
Total net position	<u>456,453</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Contributions - Employees	\$ 13,545
Contributions - City	<u>188,325</u>
Total additions	<u>201,870</u>
<b>DEDUCTIONS</b>	
Employee usage	<u>147,124</u>
Net change in net position	54,746
Net position - beginning	<u>401,707</u>
Net position - ending	<u>\$ 456,453</u>

See accompanying notes to basic financial statements.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Geneva (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (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. REPORTING ENTITY**

The City is a municipal corporation incorporated in 1898 and governed by an elected mayor and an eight member governing council (council) and operates under a Council-Manager form of government. The Council appoints a City Manager who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City. The City reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also defines 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.

The accompanying basic financial statements include only the operations of the City, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the City.

The City of Geneva Local Development Corporation (the Corporation) is a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York. The sole member of the Corporation is the City of Geneva and the formation of the Corporation is to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest. Separately issued financial reports are available by contacting the Corporation at 47 Castle Street, Geneva, New York.

**Joint Ventures** - The City participates in various joint ventures with other local municipalities for the purpose of providing intermunicipal services. These activities are excluded from the financial statements of all participating municipalities.

**B. BASIS OF PRESENTATION**

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**2. FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Governmental Funds:

Governmental funds are those 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 based upon determination of financial position and changes in financial position. The following are the City's major governmental fund types:

General Fund – The General Fund is the general operating fund of the City. The fund is used to account for all financial resources except for those required to be accounted for in a separate fund.

Community Development Fund – used to account for community development block grants and other federal grants not required to be accounted for in other funds.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the enterprise funds.

Enterprise Funds:

These funds are used to account for ongoing operations or activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The City applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

Sewer and Water Funds – These funds are used to account for operations that provide water and sewer services and are financed primarily by user charges.

Other Fund Types:

Fiduciary Fund – is used to account for certain trust funds and other custodial funds. Custodial funds report fiduciary activities not held in trust. These activities are not included in the government-wide financial statements because their resources do not belong to the City and are not available for use.

Custodial Fund – This fund is used to account for amounts that are custodial in nature.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The enterprise and custodial funds are reported using the *economic measurement focus* and the *accrual basis of accounting*.

**E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

**1. CASH AND CASH EQUIVALENTS**

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

**2. RESTRICTED ASSETS**

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond or bond anticipation note (BAN) sales can only be used for the stated purpose of the borrowing and are restricted specifically for that purpose. Amounts to support fund balance restrictions are also reported as restricted.

**3. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**4. RECEIVABLES**

Receivables are carried at their net realizable value. Receivables are written off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible accounts which has been provided for loans in the Community Development Fund and taxes in the General Fund. (See Note 3.B and 3.C.)

**5. DUE TO/FROM OTHER FUNDS**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds."

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental and business-type activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the balances at year-end is provided in Note 3.D.

**6. CAPITAL ASSETS**

Government-wide financial statements

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds are included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. This year tax-exempt bond anticipation notes (BANS) were issued to finance specific improvements related to water and sewer activity. This activity included projects such as water and sewer line reconstruction and replacement, reconstruction and repairing and work performed on water and sewer treatment plants. Accordingly, the interest capitalized for the year ended December 31, 2020 for water and sewer activities amounted to \$94,788 and \$95,040 respectively.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	\$ 2,000	straight-line	10-50 years
Buildings	50,000	straight-line	25-50 years
Building and site improvements	50,000	straight-line	10-50 years
Infrastructure	100,000	straight-line	25-50 years
Furniture and equipment	5,000	straight-line	3-20 years
Vehicles	20,000	straight-line	5-10 years

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. INSURANCE**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three fiscal years.

**8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. These are related to pensions, other postemployment benefits (OPEB) in the government-wide Statement of Net Position. The deferred amounts related to pensions and OPEB relate to differences between the actual investment earnings, changes in assumptions and other pension and OPEB related charges.

In addition to liabilities, the Statement of Net Position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent 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. The City has three types of items that qualify for reporting in this category. In the government-wide financial statements the City reports deferred amounts related to pension and OPEB. In the Balance Sheet – Governmental Funds, the City reports unavailable revenue related to property taxes.

See details of deferred pension outflows and inflows in Note 3.G and deferred OPEB inflows in Note 3.H.

**9. UNEARNED REVENUE**

The City reports unearned revenue on its combined balance sheet. 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 legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2020, unearned revenue in the General Fund consisted of unearned state aid of \$1,554,090.

**10. LONG-TERM LIABILITIES**

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of serial bonds payable, premium liability, installment purchase debt, loans payable, compensated absences, OPEB liability and net pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term obligations are reported as expenditures.

**11. NET POSITION FLOW ASSUMPTION**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**12. FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The City Council adopted a formal spending policy under the provisions of GASB Statement No. 54 stating that the City Council will assess the current financial condition of the City and then determine the order of application of expenditures to which fund balance classification will be charged.

**13. FUND BALANCE POLICIES**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

The City has adopted a formal fund balance policy in which it shall strive to attain and maintain an adequate fund balance in its three major funds, General Fund, Water Fund and Sewer Fund, to provide for adequate emergency reserves and to assist with fluctuations in revenue receipts. The City will endeavor to maintain unassigned fund balances in its General Fund of between ten and fifteen percent (10-15%) and thirty and thirty-five percent (30-35%) for Water and Sewer Funds of the most recently adopted fund budgets, exclusive of fund balance appropriations. This amount provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule, and to respond to contingent liabilities.

In limited circumstances, City Council may direct staff to utilize fund balances to mitigate significant swings in recurring revenues. In cases where property tax or utility rates would require significant increases to meet expenditure needs, City Council may choose to use fund balances to "phase in" necessary increases. In all cases fund balances must be appropriated via the budget development or budget amendment process.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Comptroller to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. REVENUES AND EXPENDITURES/EXPENSES**

**1. PROGRAM REVENUES**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. PROPERTY TAXES**

Real property taxes attach as an enforceable lien on property as of January 1. Taxes are levied upon budget adoption and are payable in two installments on February 1 and June 1. 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 1. The City pays the County and School District the full amount of their property taxes during the year.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

The City is permitted by the New York State Constitution 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.

**3. COMPENSATED 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. These payments are budgeted annually.

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 employees' share of postemployment health insurance premiums. The compensated absences liability for the governmental and enterprise funds at the year-end totaled \$358,390 and \$161,771 respectively. A liability for those amounts is reported in the governmental 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.

**4. . ENTERPRISE FUNDS – OPERATING AND NONOPERATING REVENUES AND EXPENSES**

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**G. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**H. ACCOUNTING PRONOUNCEMENTS**

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the City have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the City for the year ended December 31, 2020.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the City, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. LEGAL COMPLIANCE - BUDGETS**

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

- No later than October 5<sup>th</sup>, the City Manager submits a tentative budget to the City Council for the fiscal year commencing the following January 1<sup>st</sup>. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Custodial Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20<sup>th</sup>, the City Council adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- All modifications of the budget must be approved by the City Council and all appropriations lapse at fiscal year end.

**B. VIOLATIONS OF LEGAL OR CONTRACTUAL PROVISIONS**

The notes to required supplementary information, excess of expenditures over appropriations, describes budgetary violations that occurred for the year ended December 31, 2020.

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**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.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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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 organizations.

The City's aggregate bank balances were fully collateralized at December 31, 2020.

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, 2020, the City reported \$13,305,015 as 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.

**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 deposit.
- Obligations of the United States Treasury 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 provisions 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 organizations.

**B. LOANS 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, 2020 under both programs amounted to \$1,110,698, against which an allowance of \$263,795 for uncollectible loans has been recorded.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**C. RECEIVABLES**

Significant revenues accrued by the City at December 31, 2020 include the following:

General Fund:

Miscellaneous receivables	\$ <u>276,687</u>
Taxes receivable current	\$ 378,403
Taxes receivable overdue	166,181
City School taxes receivable	315,418
Property acquired for taxes	187,199
Allowance for uncollectible taxes	(146,366)
Total taxes receivable	\$ <u>900,835</u>
 NYS - Tech Park and the Smith Center for Arts	\$ 375,000
NYS - Dove Block Grant DRI	386,654
Miscellaneous state and federal receivables	503,327
Total state and federal receivables	\$ <u>1,264,981</u>
 Due from other governments - sales tax	\$ <u>528,045</u>

Capital Projects Fund:

NYS - Finger Lakes Welcome Center	\$ 2,064,238
NYS DOT - CHIPS	197,391
NYS - 5 Point Intersection	15,729
Miscellaneous state and federal receivables	229
Total state and federal receivables	\$ <u>2,277,587</u>

Sewer Fund:

Sewer rents receivable	\$ 176,968
Unbilled receivables	1,014,399
Miscellaneous receivables	84,353
Total	\$ <u>1,275,720</u>

Water Fund:

Water rents receivable	\$ 133,905
Unbilled receivables	985,498
Miscellaneous receivables	4,665
Total	\$ <u>1,124,068</u>

**D. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of December 31, 2020 is as follows:

***Due from/to other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ <u>894,611</u>

The outstanding interfund loan balance that water and sewer owed to general fund is a result of reclassification of negative cash balances at year end.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**E. INTERFUND TRANSFERS**

The composition of interfund transfers as of December 31, 2020 is as follows:

***Interfund transfers:***

	<u>General</u>	<u>Transfer in: Capital Projects</u>	<u>Total</u>
<b>Transfer out:</b>			
Community Development	\$ 171,755	\$ -	\$ 171,755
Water	555,460	-	555,460
Sewer	511,818	-	511,818
Capital Projects		735,000	735,000
<b>Total</b>	<b>\$ 1,239,033</b>	<b>\$ 735,000</b>	<b>\$ 1,974,033</b>

Transfers among funds are provided for as part of the annual budget process related to chargebacks for administrative services and ongoing or upcoming projects. Transfers from General Fund to Capital Project Fund relate to BAN principal paydown.

**F. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Balance 01/01/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2020</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,089,823	\$ -	\$ -	\$ 1,089,823
Construction work in progress	6,099,404	1,315,317	2,357,313	5,057,408
Total capital assets not being depreciated	<u>7,189,227</u>	<u>1,315,317</u>	<u>2,357,313</u>	<u>6,147,231</u>
Capital assets being depreciated:				
Land improvements	10,990,772	-	-	10,990,772
Site-improvements	760,430	-	-	760,430
Buildings	18,717,108	-	-	18,717,108
Vehicles & equipment	9,058,507	300,535	-	9,359,042
Infrastructure	<u>26,621,332</u>	<u>2,357,313</u>	<u>-</u>	<u>28,978,645</u>
Total capital assets, being depreciated	<u>66,148,149</u>	<u>2,657,848</u>	<u>-</u>	<u>68,805,997</u>
Less accumulated depreciation:				
Land improvements	5,089,779	452,429	-	5,542,208
Site-improvements	733,443	700	-	734,143
Buildings	5,681,847	446,847	-	6,128,694
Vehicles & equipment	5,739,138	791,447	-	6,530,585
Infrastructure	<u>14,389,035</u>	<u>948,157</u>	<u>-</u>	<u>15,337,192</u>
Total accumulated depreciation	<u>31,633,242</u>	<u>2,639,580</u>	<u>-</u>	<u>34,272,822</u>
Total capital assets being depreciated, net	<u>34,514,907</u>	<u>18,268</u>	<u>-</u>	<u>34,533,175</u>
Governmental activities capital assets, net	<u>\$ 41,704,134</u>	<u>\$ 1,333,585</u>	<u>\$ 2,357,313</u>	<u>\$ 40,680,406</u>

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Depreciation expense was charged to the functions/programs of the governmental activities as follows:

General government	\$ 42,597
Public safety	459,619
Transportation	1,242,311
Culture and recreation	731,121
Home and community services	163,932
<b>Total depreciation expense - governmental activities</b>	<b>\$ 2,639,580</b>

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 310,800	\$ -	\$ -	\$ 310,800
Construction work in progress	11,011,976	1,996,118	7,814,559	5,193,535
Total capital assets not being depreciated	<u>11,322,776</u>	<u>1,996,118</u>	<u>7,814,559</u>	<u>5,504,335</u>
Capital assets being depreciated:				
Land improvements	50,027	-	-	50,027
Site-improvements	356,347	-	-	356,347
Buildings	15,666,873	-	-	15,666,873
Vehicles & equipment	25,173,722	1,315,312	-	26,489,034
Infrastructure	<u>30,688,304</u>	<u>6,724,278</u>	<u>-</u>	<u>37,412,582</u>
Total capital assets, being depreciated	<u>71,935,273</u>	<u>8,039,590</u>	<u>-</u>	<u>79,974,863</u>
Less accumulated depreciation:				
Land improvements	13,048	1,373	-	14,421
Site-improvements	304,006	17,408	-	321,414
Buildings	5,088,076	325,011	-	5,413,087
Vehicles & equipment	13,345,456	1,551,548	-	14,897,004
Infrastructure	<u>15,250,732</u>	<u>1,024,588</u>	<u>-</u>	<u>16,275,320</u>
Total accumulated depreciation	<u>34,001,318</u>	<u>2,919,928</u>	<u>-</u>	<u>36,921,246</u>
Total capital assets being depreciated, net	<u>37,933,955</u>	<u>5,119,662</u>	<u>-</u>	<u>43,053,617</u>
Business-type capital assets, net	<u>\$ 49,256,731</u>	<u>\$ 7,115,780</u>	<u>\$ 7,814,559</u>	<u>\$ 48,557,952</u>

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

Home and community services	\$ <u>2,919,928</u>
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**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**G. PENSION OBLIGATIONS**

***New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (the System)***

**Plan Description**

The City participates in the New York State and Local Employees' Retirement System (ERS) and the Local Police and Fire Retirement System (PFRS), which are collectively referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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, including information with regard to benefit's provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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, NY 12244.

**Funding Policy**

The System is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the system's fiscal year ending March 31<sup>st</sup>.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, the City reported the following liability for its proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. 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. This information was provided by the System in reports provided to the City.

	<b>ERS</b>	<b>PFRS</b>
Measurement date	03/31/2020	03/31/2020
Net pension liability	\$ 4,461,539	\$ 6,998,916
City's portion of the Plan's total net pension liability	0.0168483 %	0.1309448 %
Change in proportion since the prior measurement date	(0.0010753)	(0.0041867)
Pension expense at December 31, 2020	\$ 1,429,554	\$ 2,255,639

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**NOTES TO BASIC FINANCIAL STATEMENTS**

At December 31, 2020 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 262,580	\$ 466,054	\$ -	\$ 117,231
Change of assumptions	89,834	598,238	77,570	-
Net difference between projected and actual earnings on pension plan investments	2,287,202	3,151,832	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	543	189,083	518,750
City's contributions subsequent to the measurement date	500,199	802,969	-	-
<b>Total</b>	<b>\$ 3,139,815</b>	<b>\$ 5,019,636</b>	<b>\$ 266,653</b>	<b>\$ 635,981</b>

The 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 expense as follows:

	ERS	PFRS
<u>Year ended March 31:</u>		
2021	\$ 351,002	\$ 689,921
2022	583,892	821,954
2023	787,993	1,106,575
2024	650,076	942,831
2025	-	19,405
Thereafter	-	-

Actuarial Assumptions

The total pension liability as of the March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	ERS	PFRS
Inflation	2.5 %	2.5 %
Salary increases	4.2	5.0
Investment rate of return (net of investment expense, including inflation)	6.8	6.8
Cost of living adjustments	1.3	1.3

**CITY OF GENEVA, NEW YORK**  
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Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 for both ERS and PFRS are summarized below:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Asset Class:</b>		
Domestic equity	36.0 %	4.1 %
International equity	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic funds/portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	-
Inflation-indexed bonds	4.0	0.5
<b>Total</b>	<b>100.0 %</b>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 determined. Based upon the assumptions, the System’s 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.

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

The following tables present the City’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
<b>ERS</b>			
City's proportionate share of the net pension liability/(asset)	\$ 8,188,183	\$ 4,461,539	\$ 1,029,283
<b>PFRS</b>			
City's proportionate share of the net pension liability/(asset)	\$ 12,514,205	\$ 6,998,916	\$ 2,059,851

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020 were as follows:

	(Dollars in Thousands)		
	ERS	PFRS	Total
Employers' total pension liability	\$ 194,596,261	\$ 35,309,017	\$ 229,905,278
Plan net position	168,115,682	29,964,080	198,079,762
Employers' net pension liability	<u>\$ 26,480,579</u>	<u>\$ 5,344,937</u>	<u>\$ 31,825,516</u>
Ratio of plan net position to the employers' total pension liability	86.4%	84.9%	86.2%

Prepays to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Prepaid retirement contributions as of December 31, 2020 represent the employer contribution for the period of January 1, 2021 through March 31, 2021 of the retirement invoice for the Plan year April 1, 2020 through March 31, 2021. Prepaid retirement contributions as of December 31, 2020 amounted to \$166,733 and \$267,656 for ERS and PFRS, respectively.

**H. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

The City of Geneva, New York (the City), administers the City of Geneva Retiree Medical, Dental and Life Insurance Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan (OPEB). The Plan provides for continuation of medical, dental and life insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the City.

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	168
Inactive employees entitled to but not receiving benefit payments	-
Active employees	118
Total	<u>286</u>

The City's total OPEB liability of \$42,809,040 was determined by an actuarial valuation as of December 31, 2020.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.41 %
Salary increases	3.11 %
Single discount rate	2.41 %
Initial healthcare cost trend rate	4.00 %
Ultimate healthcare cost trend rate	4.08 %

The discount rate was based on the Fidelity Municipal General Obligation AA 20 year Bond rate as of the measurement date.

Mortality rate updated to rates based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2020 mortality rates.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020 – December 31, 2020.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 43,228,955
 Changes for the year:	
Service cost	1,009,198
Interest	1,182,660
Changes of benefit terms	-
Differences between expected and actual experience	(3,376,449)
Changes in assumptions or other inputs	1,997,000
Benefit payments	(1,232,324)
Net changes	(419,915)
Balance at December 31, 2020	<u>\$ 42,809,040</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75 percent in 2019 to 2.41 percent in 2020, updated premium information and mortality rate scale.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following present 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 or 1 percentage point higher than the current discount rate.

	<u>1% Decrease (1.41%)</u>	<u>Discount Rate (2.41%)</u>	<u>1% Increase (3.41%)</u>
Total OPEB liability	<u>\$ 50,384,786</u>	<u>\$ 42,809,040</u>	<u>\$ 36,810,676</u>

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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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 (3.00% increasing to 3.08%)	Healthcare Cost Trend Rates (4.00% increasing to 4.08%)	1% Increase (5.00% increasing to 5.08%)
Total OPEB liability	\$ 35,794,276	\$ 42,809,040	\$ 51,950,452

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$353,059. OPEB expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience or changes in the assumptions. At December 31, 2020, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,937,800
Changes of assumptions or other inputs	6,241,042	1,885,696
Contributions subsequent to measurement date	310,613	-
Total	\$ 6,551,655	\$ 9,823,496

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

Year ended December 31:

2021	\$ (1,838,799)
2022	(1,274,507)
2023	(212,560)
2024	(229,539)
2025	(27,049)
Thereafter	-

**I. COMMITMENTS**

Construction Commitments

The City has ongoing construction capital projects related to various infrastructure throughout the City. For the fiscal year ended December 31, 2020, the City had the following construction commitments outstanding:

Vendor	Project	Remaining Balance		
		General	Water	Sewer
Massa Construction	City Hall	\$ 24,899	\$ 24,167	\$ 24,167
Nardozzi Paving & Construction	Resource Recovery Park	14,563	-	-
Nardozzi Paving & Construction	Lafayette Ave	699,537	437,211	612,095
		\$ 738,999	\$ 461,378	\$ 636,262

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**J. RISK MANAGEMENT**

***Workers' Compensation Plan***

The City is a participant in the Ontario County Self-Insurance Workers' Compensation Plan (the Plan). The Plan was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Ontario County. The Plan is a public entity risk pool and provides the City the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees.

The City is one of 30 municipal corporations that participate in the Plan. Eligible participants may become members upon filing with the County Board of Supervisors a copy of the resolution of the prospective member's governing board electing participation in the Plan on or before July 15<sup>th</sup>. Voluntary withdrawal from the Plan is effective only once annually.

Withdrawal from the Plan is effective at the end of the operating year upon filing with the County Board of Supervisors a copy of the resolution of the member's governing board electing to withdraw from the Plan on or before July 15<sup>th</sup> of the prior year. Currently, the Plan does not provide for payment of remaining financial obligations upon withdrawal of an entity. It is the intent of the County Board of Supervisors to evaluate, on a case by case basis, an entity's share of Plan liabilities once it elects out of the Plan. Contributions to the Plan are determined annually based upon claim payment experience, the number of employees of a participant, real property tax assessments, cash flow and bi-annual actuarial studies.

No refunds or assessments, other than periodic premiums, are charged to the participant organizations. In the event that the Plan's assets are not sufficient to meet its liabilities, the deficiency would be built into the Plan's ensuing year's budget. The Plan has established reserve liabilities which provide for current claim expenses. As of December 31, 2019, the actuarial estimate of ultimate liabilities for the plan was \$8,920,000.

**K. SHORT-TERM DEBT**

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes (BAN). The amounts issued for governmental activities are accounted for in the capital projects fund. The amounts issued for business-type activities relate to both the water and sewer enterprise funds and are reported in each respective fund.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2020 for both governmental and business-type activities:

	Original Issue Date	Interest rate	Balance 01/01/2020	Issues	Redemptions	Balance 12/31/2020
<b>Governmental Activities</b>						
City Hall	2017	2.50 %	\$ 470,000	- \$ 30,000	\$ 440,000	
Clark Street reconstruction	2017	2.50 %	520,000	-	520,000	-
23 Jackson Street demolition & restoration	2017	2.50 %	265,000	-	265,000	-
Park improvements	2017	2.50 %	140,000	-	140,000	-
Wireless network	2017	2.50 %	35,000	-	35,000	-
Street lighting	2017	2.50 %	1,400,000	-	1,400,000	-
Food Innovation Center	2017	2.50 %	1,090,000	-	1,090,000	-
Construction of a Curtain Wall Breakwater	2018	2.50 %	750,000	-	30,000	720,000
Various street improvements	2018	2.50 %	3,250,000	-	3,250,000	-
23 Jackson St. demolition & restoration	2018	2.50 %	500,000	-	500,000	-
Various park improvements	2018	2.50 %	175,000	-	175,000	-
Sidewalk reconstruction	2019	2.50 %	120,000	-	-	120,000
N Main St. reconstruction/repaving	2019	2.50 %	550,000	-	550,000	-
Various sidewalk reconstruction and equipment acquisition	2019	2.50 %	1,300,000	-	-	1,300,000
Various park improvements	2019	2.50 %	175,000	-	-	175,000
Lafayette Ave	2020	1.50 %	-	1,100,000	-	1,100,000
Various Park Improvements	2020	1.50 %	-	175,000	-	175,000
Long Pier Improvements	2020	1.50 %	-	750,000	-	750,000
Total governmental activities bond anticipation notes			\$ 10,740,000	\$ 2,025,000	\$ 7,985,000	\$ 4,780,000
<b>Business-Type Activities</b>						
<u>Water</u>						
Lochland Rd. water main	2016	2.50 %	\$ 3,500,000	- \$ 135,000	\$ 3,365,000	
City Hall	2017	2.50 %	470,000	- 30,000	440,000	
Clark Street reconstruction	2017	2.50 %	285,000	-	285,000	-
Preemption Road	2017	2.50 %	140,000	- 10,000	130,000	
N. Main St. & Mason St. water main improvements	2018	2.50 %	600,000	-	600,000	-
N Main St. water main improvements	2019	2.50 %	400,000	-	400,000	-
Lafayette Ave	2020	1.50 %	-	687,500	-	687,500
Water Trmt Plant Transformer	2020	1.50 %	-	270,000	-	270,000
Total water bond anticipation notes			\$ 5,395,000	\$ 957,500	\$ 1,460,000	\$ 4,892,500
<u>Sewer</u>						
Gulvin Park wastewater treatment plant	2016	2.50 %	450,000	-	20,000	430,000
Marsh Creek wastewater treatment plant	2016	2.50 %	65,000	-	10,000	55,000
City Hall	2017	2.50 %	470,000	-	30,000	440,000
Clark Street reconstruction	2017	2.50 %	380,000	-	380,000	-
Sealing/resealing City lines	2017	2.50 %	190,000	-	10,000	180,000
Doran Ave meters	2017	2.50 %	285,000	-	15,000	270,000
Doran Ave pumps/controls	2017	2.50 %	140,000	-	10,000	130,000
Doran Ave bell press	2017	2.50 %	380,000	-	20,000	360,000
Sewer line reconstruction	2019	2.50 %	50,000	-	-	50,000
Gulvin Park wastewater treatment plant	2019	2.50 %	225,000	-	-	225,000
Marsh Creek wastewater treatment plant	2019	2.50 %	2,074,200	-	-	2,074,200
Lafayette Ave	2020	1.50 %	-	962,500	-	962,500
Gulvin Park WWTP Pump	2020	1.50 %	-	363,500	-	363,500
Total sewer bond anticipation notes			\$ 4,709,200	\$ 1,326,000	\$ 495,000	\$ 5,540,200
Total business-type activities bond anticipation notes			\$ 10,104,200	\$ 2,283,500	\$ 1,955,000	\$ 10,432,700
Total short term capital borrowings			\$ 20,844,200	\$ 4,308,500	\$ 9,940,000	\$ 15,212,700

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**L. LEASE OBLIGATIONS**

**Operating lease**

The City 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 annual payments include a debt service component for years 2016-2025 in the amount of \$41,532, annually. Total cost for the lease was \$46,825 for the year ended December 31, 2020. The future minimum lease payments for this lease is as follows:

<u>Year Ending December 31,</u>	<u>Firehouse</u>
2021	\$ 47,039
2022	47,149
2023	47,261
2024	47,376
2025	47,493
2026-2030	38,562
2031-2035	34,933
2036-2040	38,569
2041	<u>1,341</u>
<b>Total</b>	<b><u>\$ 349,723</u></b>

**M. LONG-TERM LIABILITIES**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at December 31, 2020 are as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 12/31/2020</u>
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
Various Projects	2014	\$ 2,238,000	2.50-3.50 %	2023	\$ 660,000
General improvements & various projects - refunding	2018	1,874,485	2.00-5.00 %	2023	3,360,000
Various Projects	2018	4,085,127	3.00-3.50 %	2032	<u>7,250,000</u>
Total governmental activities					<u>\$ 12,148,860</u>
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
Various Projects	2014	\$ 3,911,000	2.50-3.50 %	2023	\$ 2,140,000
Water improvements & various projects - refunding	2018	1,601,215	2.00-5.00 %	2030	1,179,500
Various Projects	2018	2,893,339	3.00-3.50 %	2039	2,615,000
Various Projects	2020	1,245,000	2.00-2.50 %	2037	<u>1,245,000</u>
Total water bonds					<u>\$ 7,179,500</u>

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

Issue Description	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/2020
<b>General Obligation Bonds</b>					
Sewer Improvements-EFC	2008	\$ 13,666,554	0.00 %	2038	\$ 8,199,930
Sewer Lines	2011	1,190,000	3.75-4.25 %	2025	425,000
Various Projects	2014	6,345,000	2.50-3.50 %	2041	5,330,000
Sewer improvements & various projects - refunding	2018	2,594,300	2.00-5.00 %	2030	1,916,640
Various Projects	2018	3,868,339	3.00-3.50 %	2039	3,515,000
Various Projects	2020	360,000	2.00-2.50 %	2037	360,000
Total sewer bonds					\$ 19,746,570
Total business-type activities bonds					\$ 26,926,070
Total primary government					\$ 39,074,930

**Installment Purchase Debt**

The City enters into installment purchase debt agreements as needed for various purposes. Installment purchase debt agreements are direct obligations and pledge of the full faith and credit of the City. Installment purchase debt agreements outstanding at December 31, 2020 are as follows:

**Governmental Activities**

**General Installment Purchase Debt**

Energy performance contract	2011	\$ 3,134,249	4.47 %	2026	\$ 1,503,873
Ice resurfacer	2016	128,250	2.99 %	2021	26,987
Wheel loader	2017	46,248	3.27 %	2022	19,535
Total governmental activities					\$ 1,550,395

**Business-Type Activities**

**Water Installment Purchase Debt**

Energy performance contract	2011	\$ 370,797	4.47 %	2026	\$ 177,916
Wheel loader	2017	44,888	3.27 %	2022	18,960
Backhoe	2017	75,726	3.96 %	2022	32,067
Total water fund					\$ 228,943

**Sewer Installment Purchase Debt**

Energy performance contract	2011	\$ 120,388	4.47 %	2026	\$ 57,766
Wheel loader	2017	44,888	3.27 %	2022	18,961
JCB Tellhandler	2017	145,860	3.09 %	2022	61,021
Total sewer fund					\$ 137,748
Total business-type activities					\$ 366,691

Total primary government

\$ 1,917,086

**Legal Debt Margin**

The City is subject to a debt limit that is 7.0 percent of the five-year average of the full valuation of taxable real property. At December 31, 2020, that amount was \$28,475,825. As of December 31, 2020, the total outstanding debt applicable to the limit was \$18,668,030 which is 65.56 percent of the total debt limit.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**Changes in Long-Term Liabilities**

Changes in the City's long-term liabilities for the year ended December 31, 2020 are as follows:

	<u>Balance</u> <u>01/01/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 5,962,070	\$ 7,250,000	\$ 1,063,210	\$ 12,148,860	\$ 1,706,540
Plus: unamortized premium	111,154	-	10,713	100,441	10,714
Other liabilities:					
Installment purchase debt	1,849,589	-	299,194	1,550,395	260,637
Compensated absences**	331,205	40,778	13,593	358,390	17,882
Due to Retirement System	95,571	-	22,617	72,954	23,448
Total OPEB liability	37,921,247	3,500,801	4,026,015	37,396,033	-
Net pension liability *	3,002,805	6,583,803	-	9,586,608	-
Total governmental activities	<u>\$ 49,273,641</u>	<u>\$ 17,375,382</u>	<u>\$ 5,435,342</u>	<u>\$ 61,213,681</u>	<u>\$ 2,019,221</u>
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 27,403,412	\$ 1,605,000	\$ 2,082,342	\$ 26,926,070	\$ 1,794,012
Plus: unamortized premium	271,691	-	26,187	245,504	26,187
Other liabilities:					
Installment purchase debt	462,629	-	95,938	366,691	99,533
Compensated absences	135,004	53,534	26,767	161,771	16,177
Due to Retirement System	46,357	-	10,971	35,386	11,373
Total OPEB liability	5,307,708	529,662	424,363	5,413,007	-
Net pension liability *	533,375	1,340,472	-	1,873,847	-
Total business-type activities	<u>\$ 34,160,176</u>	<u>\$ 3,528,668</u>	<u>\$ 2,666,568</u>	<u>\$ 35,022,276</u>	<u>\$ 1,947,282</u>
Total primary government	<u>\$ 83,433,817</u>	<u>\$ 20,904,050</u>	<u>\$ 8,101,910</u>	<u>\$ 96,235,957</u>	<u>\$ 3,966,503</u>

\* Additions/reductions to the net pension liability are presented net.

\*\* Current portion of compensated absences has been accrued in the governmental funds.

The debt service requirements for the City's bonds are as follows:

**Governmental Activities**

Year ending December 31,	Bonds		
	Principal	Premium	Interest
2021	\$ 1,706,540	\$ 10,714	\$ 341,943
2022	1,391,700	10,714	233,346
2023	1,090,620	10,714	200,415
2024	870,000	10,714	175,832
2025	890,000	10,714	154,507
2026-2030	4,500,000	46,871	439,699
2031-2032	1,700,000	-	47,016
Total	<u>\$ 12,148,860</u>	<u>\$ 100,441</u>	<u>\$ 1,592,758</u>

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Business-type activities**

Year ending December 31,	Bonds		
	Principal	Premium	Interest
2021	\$ 1,794,012	\$ 26,187	\$ 634,440
2022	1,703,852	26,187	581,759
2023	1,704,932	26,187	539,203
2024	1,710,552	26,187	499,379
2025	1,630,552	26,187	461,226
2026-2030	7,212,760	114,569	1,738,796
2031-2035	6,182,757	-	1,009,939
2036-2040	4,496,653	-	354,851
2041-2042	490,000	-	14,700
<b>Total</b>	<b>\$ 26,926,070</b>	<b>\$ 245,504</b>	<b>\$ 5,834,293</b>

The debt service requirements for the City's installment purchase debt are as follows:

**Governmental Activities**

Year ending December 31,	Installment Purchase Debt	
	Principal	Interest
2021	\$ 260,637	\$ 68,632
2022	243,988	57,589
2023	244,536	46,791
2024	255,477	35,850
2025	266,908	24,419
2026	278,849	12,477
<b>Total</b>	<b>\$ 1,550,395</b>	<b>\$ 245,758</b>

**Business-Type Activities**

Year ending December 31,	Installment Purchase Debt	
	Principal	Interest
2021	\$ 99,533	\$ 14,945
2022	103,267	11,211
2023	38,322	7,333
2024	40,037	5,618
2025	41,829	3827
2026	43,703	1,955
<b>Total</b>	<b>\$ 366,691</b>	<b>\$ 44,889</b>

**Compensated Absences**

As explained in Note 1, the City records the value of governmental type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the City to liquidate compensated absences are typically from the funds in which the individuals are employed. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. While the payments of compensated absences are dependent upon many factors, the City has estimated that \$17,882 and \$16,177 for the governmental activities and business-type activities will be due within one year, respectively.

**Net Pension Liability**

The City reported a liability of \$9,586,608 and \$1,873,847 for the governmental activities and business-type activities, respectively for the year ended December 31, 2020 for its proportionate share of the net pension liability for the Police and Fire Retirement System and Employees Retirement System. Refer to Note 3.G for additional information related to the City's net pension liability. Payments by the City for retirement contributions are typically from funds in which the individuals are employed.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**N. NET POSITION AND FUND BALANCE**

**Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

**Net investment in capital assets** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

	Governmental Activities	Business-Type Activities	
		Sewer	Water
Capital assets, net of accumulated depreciation	\$ 40,680,406	\$ 30,337,434	\$ 18,220,518
Bonds payable used for capital assets	(12,148,860)	(19,746,570)	(7,179,500)
Debt premium	(100,441)	(152,108)	(93,396)
BANs used for capital assets	(4,780,000)	(5,540,200)	(4,892,500)
Installment purchase debt used for capital assets	(1,550,395)	(137,748)	(228,943)
Unspent BAN proceeds	4,780,000	1,424,727	3,400,758
Net investment in capital assets	\$ 26,880,710	\$ 6,185,535	\$ 9,226,937

**Restricted net position** – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** – This category represents net position of the City not restricted for any project or other purpose.

**Fund Balance**

In the governmental fund financial statements there are five classifications of fund balance:

**Nonspendable** – represents net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

- ***General Fund*** – represents funds that are paid to the ERS and PFRS retirement systems prior to December 31, 2020 that are applicable to the subsequent year.

**Restricted** – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- ***Restricted for capital projects*** – represents funds to be used for construction, reconstruction and/or acquisition of capital improvements and equipment.
- ***Restricted for public safety*** – represents funds set aside for substance use prevention education and for use related to drug activity.
- ***Restricted for retirement contribution*** – represents funds to be used to pay contributions to the retirement system.
- ***Restricted for community development*** – represents funds that had restrictions externally imposed by the funding agency that provided funding for the loan programs administered by the City.
- ***Restricted for cemetery*** – represents amounts received that must remain intact and any earnings used for the purposes of the cemetery.

**Assigned to subsequent years' expenditure** – represents available fund balance being appropriated to meet expenditure requirements in the 2021 fiscal year.

**Unassigned fund balance** – represents the residual classification of the City's General Fund surplus. Residual deficit amounts of other governmental funds would also be reported as unassigned.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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Detail of Fund Balances

As of December 31, 2020, fund balances were classified as follows:

	General	Community Development	Capital Projects	Nonmajor Permanent Fund	Total
<u>Nonspendable:</u>					
Prepaid items	\$ 396,858	\$ -	\$ -	\$ -	\$ 396,858
<u>Restricted:</u>					
Cemetery	-	-	-	20,355	20,355
Capital projects	464,774	-	-	-	464,774
Public safety	11,414	-	-	-	11,414
Retirement contribution	50,000	-	-	-	50,000
Community development	-	3,350,634	-	-	3,350,634
<u>Assigned:</u>					
Subsequent years' expenditures	314,696	-	-	-	314,696
Capital Projects	-	-	2,518,676	-	2,518,676
<u>Unassigned:</u>					
General Fund	<u>1,973,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,973,394</u>
Total	<u>\$ 3,211,136</u>	<u>\$ 3,350,634</u>	<u>\$ 2,518,676</u>	<u>\$ 20,355</u>	<u>\$ 9,100,801</u>

**O. INTERMUNICIPAL AGREEMENTS**

The City has several intermunicipal agreements for shared services such as assessments; emergency dispatch services; information technology services; and to allow the use of the repository for integrated criminalistic imaging system (RICI System).

**P. CONTINGENCIES**

**Assessments** – The City is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the City vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

**Grants** – In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

**COVID-19 Pandemic** - On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The City's management has assessed these events and the impact of these restrictions and closures related to the City's operations. As of the date of these financial statements and as these events continue to unfold, management believes there will be an impact related to sales and mortgage tax that the City will receive in fiscal year 2021. Management believes that these tax revenues will be lower in 2021 than monies collected in previous years due to a decrease in local spending. The 2021 adopted budget has been adapted to account for this change, and the City has implemented an approach including a combination of a significant equipment expenditure decreases in addition to an increase in fund balance allocation for a portion of the major funds to account for a potential loss of revenue in 2021.

**Litigation** – The City is also involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the City's financial condition or results of operations.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Q. TAX ABATEMENTS**

The Geneva Industrial Development Agency, created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has five real property tax abatement agreements, and the City holds six real property tax abatement agreements, with various businesses in the City under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of redevelopment and job creation in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements.

Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended December 31, 2020, the City’s total tax revenues were reduced by \$1,034,708

Copies of the agreements may be obtained from Adam Blowers, City Comptroller, 47 Castle Street, Geneva, NY 14456, [www.cityofgenevany.com](http://www.cityofgenevany.com)

**NOTE 4 - SUBSEQUENT EVENT**

On January 23, 2021 City Council passed a resolution authorizing the issuance of \$1,497,000 in bonds for the purchase of a 100 foot aerial tower fire apparatus.

On May 18, 2021, the City received the first installment of funding awarded through the American Rescue Plan (ARP) in the amount of \$28,603,764. The City was awarded \$57,207,528 in total.

Management has evaluated subsequent events through October 11, 2021 which is the date the financial statements are available for issuance, and have determined, with exception to the events noted in the above paragraphs, there are no subsequent events that require disclosure under generally accepted accounting principles other than the authorization of debt issuance referred to above.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GENEVA, NEW YORK**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
EMPLOYEES' AND POLICE AND FIRE RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\***

	Year Ended December 31,						
	2014	2015	2016	2017	2018	2019	2020
<b><u>Employees' Retirement System (ERS)</u></b>							
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
City's proportion of the net pension liability	0.0203924%	0.0203924%	0.0205785%	0.0200672%	0.0193164%	0.0179236%	0.0168483%
City's proportionate share of the net pension liability	\$ 921,504	\$ 688,906	\$ 3,302,899	\$ 1,885,555	\$ 623,425	\$ 1,269,939	\$ 4,461,539
City's covered payroll	\$ 4,143,232	\$ 4,013,208	\$ 4,186,806	\$ 4,278,834	\$ 4,494,486	\$ 4,484,960	\$ 4,678,936
City's proportionate share of the net pension liability as a percentage of its covered payroll	23.0%	17.2%	78.9%	44.1%	13.9%	28.3%	95.4%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.9%	90.7%	94.7%	98.2%	96.3%	86.4%
<b><u>Police and Fire Retirement System (PFRS)</u></b>							
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
City's proportion of the net pension liability	0.1443866%	0.1443866%	0.1465621%	0.1393879%	0.1393693%	0.1351315%	0.1309448%
City's proportionate share of the net pension liability	\$ 601,095	\$ 397,438	\$ 4,339,392	\$ 2,889,026	\$ 1,408,685	\$ 2,266,241	\$ 6,998,916
City's covered payroll	\$ 4,984,194	\$ 4,985,244	\$ 4,832,699	\$ 4,824,078	\$ 4,452,294	\$ 4,650,429	\$ 4,712,937
City's proportionate share of the net pension liability as a percentage of its covered payroll	12.1%	8.0%	89.8%	59.9%	31.6%	48.7%	148.5%
Plan fiduciary net position as a percentage of the total pension liability	99.0%	98.5%	90.2%	93.5%	96.9%	95.1%	84.9%

\*This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF GENEVA, NEW YORK**

**SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS – EMPLOYEES' AND POLICE AND FIRE RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\***

	Year Ended December 31,						
	2014	2015	2016	2017	2018	2019	2020
<b><u>Employees' Retirement System (ERS)</u></b>							
Contractually required contribution	\$ 971,531	\$ 896,991	\$ 754,700	\$ 737,571	\$ 691,115	\$ 654,243	\$ 702,027
Contributions in relation to the contractually required contribution	<u>971,531</u>	<u>896,991</u>	<u>754,700</u>	<u>737,571</u>	<u>691,115</u>	<u>654,243</u>	<u>702,027</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 4,080,472	\$ 4,634,600	\$ 4,657,875	\$ 4,606,664	\$ 4,441,430	\$ 4,685,100	\$ 4,728,361
Contributions as a percentage of covered payroll	24%	19%	16%	16%	16%	14%	15%
<b><u>Police and Fire Retirement System (PFRS)</u></b>							
Contractually required contribution	\$ 1,000,532	\$ 888,919	\$ 962,770	\$ 1,011,250	\$ 1,183,798	\$ 997,437	\$ 1,054,094
Contributions in relation to the contractually required contribution	<u>1,000,532</u>	<u>888,919</u>	<u>962,770</u>	<u>1,011,250</u>	<u>1,183,798</u>	<u>997,437</u>	<u>1,054,094</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 4,556,579	\$ 4,048,540	\$ 4,351,743	\$ 4,502,010	\$ 4,598,085	\$ 4,717,277	\$ 4,791,901
Contributions as a percentage of covered payroll	22%	22%	22%	22%	26%	21%	22%

\* This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF GENEVA, NEW YORK**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

	<u>Year Ended December 31,</u>			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>Total OPEB Liability</u></b>				
Service cost	\$ 1,123,292	\$ 998,340	\$ 795,573	\$ 1,009,198
Interest	1,478,651	1,564,281	1,517,578	1,182,660
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(954,726)	(3,739,366)	(5,538,401)	(3,376,449)
Changes of assumptions or other inputs	(3,317,750)	(2,470,051)	7,626,327	1,997,000
Benefit payments	<u>(1,160,471)</u>	<u>(1,209,182)</u>	<u>(1,220,737)</u>	<u>(1,232,324)</u>
<b>Net change in total OPEB liability</b>	<b>(2,831,004)</b>	<b>(4,855,978)</b>	<b>3,180,340</b>	<b>(419,915)</b>
<b>Total OPEB liability - beginning</b>	<b><u>47,735,597</u></b>	<b><u>44,904,593</u></b>	<b><u>40,048,615</u></b>	<b><u>43,228,955</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 44,904,593</u></b>	<b><u>\$ 40,048,615</u></b>	<b><u>\$ 43,228,955</u></b>	<b><u>\$ 42,809,040</u></b>
<b>Covered-employee payroll</b>	<b>\$ 7,263,974</b>	<b>\$ 7,263,974</b>	<b>\$ 7,481,893</b>	<b>\$ 7,785,169</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>618%</b>	<b>551%</b>	<b>578%</b>	<b>550%</b>

\* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**CITY OF GENEVA, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Real property taxes	\$ 7,022,573	\$ 7,022,573	\$ 6,795,236	\$ (227,337)
Real property tax items	1,509,968	1,509,968	1,411,171	(98,797)
Non-property taxes	4,148,654	4,148,654	3,918,490	(230,164)
Departmental income	580,623	580,623	335,530	(245,093)
Intergovernmental charges	281,348	281,348	357,842	76,494
Use of money and property	68,600	32,600	23,478	(9,122)
Licenses and permits	77,500	77,500	67,361	(10,139)
Fines and forfeitures	154,200	154,200	39,200	(115,000)
Sale of property and compensation for loss	86,000	86,000	200,036	114,036
Miscellaneous local sources	284,000	320,000	235,664	(84,336)
State and federal sources	<u>2,152,613</u>	<u>2,152,613</u>	<u>3,653,937</u>	<u>1,501,324</u>
Total revenues	<u>16,366,079</u>	<u>16,366,079</u>	<u>17,037,945</u>	<u>671,866</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,057,685	1,961,436	1,995,098	(33,662)
Public safety	5,818,197	5,781,972	5,629,943	152,029
Transportation	1,315,903	1,317,433	1,161,275	156,158
Economic assistance and opportunity	311,095	246,195	243,020	3,175
Culture and recreation	1,152,903	1,358,947	1,248,617	110,330
Home and community services	191,080	205,580	1,604,959	(1,399,379)
Employee benefits	4,197,224	4,184,223	4,029,699	154,524
Debt service:				
Principal	2,097,404	2,097,404	1,362,404	735,000
Interest	<u>584,689</u>	<u>584,689</u>	<u>512,932</u>	<u>71,757</u>
Total expenditures	<u>17,726,180</u>	<u>17,737,879</u>	<u>17,787,947</u>	<u>(50,068)</u>
Excess (deficit) of revenue over expenditures	(1,360,101)	(1,371,800)	(750,002)	621,798
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	1,067,278	1,067,278	1,239,033	171,755
Interfund transfers out	<u>(3,425)</u>	<u>-</u>	<u>(735,000)</u>	<u>(735,000)</u>
Total other financing sources	<u>1,063,853</u>	<u>1,067,278</u>	<u>504,033</u>	<u>(563,245)</u>
Net change in fund balance *	(296,248)	(304,522)	(245,969)	58,553
Fund balance - beginning	<u>3,457,105</u>	<u>3,457,105</u>	<u>3,457,105</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,160,857</u>	<u>\$ 3,152,583</u>	<u>\$ 3,211,136</u>	<u>\$ 58,553</u>

\* The net change in fund balance is included in the budget as an appropriation (i.e., spenddown) of fund balance.

**CITY OF GENEVA, NEW YORK**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year. The Water and Sewer Funds have a budget that is utilized for cost control purposes.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council or, in certain limited circumstances the City Manager. The legal level of budgetary control (e.g., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2020, expenditures exceeded appropriations in the general government, home and community services and interfund transfer functions by \$33,662, \$1,399,379 and \$735,000, respectively. Total expenditures exceeded appropriations by \$785,068.

**NOTE 3 – FACTORS AFFECTING TRENDS IN RETIREMENT SYSTEM - PENSION**

The City's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. In addition to this factor the discount factor has varied from 7.5% to 6.8% since the implementation of GASB Statement No. 68.

<u>Year Ended March 31:</u>	<u>ERS</u>	<u>PFRS</u>
2020	6.80%	6.80%
2019	7.00%	7.00%
2018	7.00%	7.00%
2017	7.00%	7.00%
2016	7.00%	7.00%
2015	7.50%	7.50%

**NOTE 4 – FACTORS AFFECTING TRENDS IN RETIREE HEALTH PLAN (OPEB)**

The City's retiree health plan most significant factors and assumptions affecting the total OPEB liability are as follows:

<u>Year Ended May 31:</u>	<u>Long-Term Bond Rate</u>	<u>Salary Scale</u>	<u>Single Discount Rate</u>	<u>Ultimate Healthcare Cost Trend Rate</u>
2020	2.41%	3.11%	2.41%	4.08%
2019	2.75%	3.22%	2.75%	4.18%
2018	3.83%	3.00%	3.83%	4.23%