

CITY OF NORTH TONAWANDA, NEW YORK

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

YEAR ENDED DECEMBER 31, 2008

CITY OF NORTH TONAWANDA, NEW YORK

Table of Contents
Year Ended December 31, 2008

	<u>Page No.</u>
Basic Financial Statements	1-94
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	95-96
Schedule of Expenditures of Federal Awards	97
Notes to the Schedule of Expenditures of Federal Awards	98
Schedule of Findings and Questioned Costs	99-100
Summary Schedule of Prior Audit Findings	101
Corrective Action Plan	102

CITY OF NORTH TONAWANDA, NEW YORK

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

YEAR ENDED DECEMBER 31, 2008

CITY OF NORTH TONAWANDA, NEW YORK

Table of Contents
Year Ended December 31, 2008

	<u>Page No.</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15-16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18-19
Reconciliation of Statement of Net Assets to Governmental Fund Balances	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21-22
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting) - General Fund	24-25
Statement of Fiduciary Net Assets - Fiduciary Funds	26
Notes to the Financial Statements	27-57

CITY OF NORTH TONAWANDA, NEW YORK

Table of Contents (Cont.)
Year Ended December 31, 2008

Page No.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:

Statement of Detailed Revenues Compared to Budget - General Fund (Non-GAAP Basis of Budgeting)	58-64
Schedule of Detailed Expenditures Compared to Budget - General Fund (Non-GAAP Basis of Budgeting)	65-76
Combining Balance Sheets - Special Revenue Fund Types	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Special Revenue Fund Types	78
Statement of Detailed Revenues - Special Grant Fund (Non-GAAP Basis of Budgeting)	79
Statement of Detailed Expenditures - Special Grant Fund (Non-GAAP Basis of Budgeting)	80
Statement of Detailed Revenues Compared to Budget - Sewer Fund (Non-GAAP Basis of Budgeting)	81
Statement of Detailed Expenditures Compared to Budget - Sewer Fund (Non GAAP Basis of Budgeting)	82-84
Statement of Detailed Revenues Compared to Budget - Water Fund (Non-GAAP Basis of Budgeting)	85
Statement of Detailed Expenditures Compared to Budget - Water Fund (Non-GAAP Basis of Budgeting)	86-88
Combining Balance Sheet by Project - Capital Projects Fund	89-90
Statement of Expenditures and Appropriations by Project - Capital Projects Fund	91-92
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	93-94

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of North Tonawanda, New York's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of December 31, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Independent Auditor's Report (Cont.)

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2009 on our consideration of the City of North Tonawanda, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14, and budgetary comparison information on pages 24 through 25, 56 through 74, and 79 through 86, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Tonawanda, New York
May 21, 2009

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2008

This section of the City of North Tonawanda's (City) annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2008. Please read it in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2008 fiscal year by \$43,355,917 (net assets). Of this amount, \$245,863 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$1,067,206 is restricted for specific purpose (restricted net assets), and \$42,042,848 is invested in capital assets, net of related debt.
- The government's total net assets increased by \$11,396,611.
- As of December 31, 2008, the City's governmental funds reported combined fund balances of \$4,631,722, a decrease of \$1,735,993 in comparison with the prior year. Approximately 46.5% of the combined fund balances, \$2,153,101 is available to meet the City's current and future needs (undesignated fund balance).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$2,704,699 or 67.2% of total general fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2008

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

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

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

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

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

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2008

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

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

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

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

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

The Notes can be found on pages 27-55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$43,355,917 at the close of the fiscal year.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

Summary of City of North Tonawanda's Net Assets

	Total Governmental Activities <u>December 31, 2008</u>	Total Governmental Activities <u>December 31, 2007</u>	Percent of Increase (Decrease)
Current and other assets	\$ 14,333,136	\$ 13,299,224	7.8%
Capital assets	<u>54,617,848</u>	<u>43,162,754</u>	<u>26.5%</u>
Total assets	<u>68,950,984</u>	<u>56,461,978</u>	<u>22.1%</u>
Long-term liabilities	9,747,993	17,454,035	-44.2%
Other liabilities	<u>15,847,074</u>	<u>7,048,637</u>	<u>124.8%</u>
Total liabilities	<u>25,595,067</u>	<u>24,502,672</u>	<u>4.5%</u>
Net assets:			
Investment in capital assets, net of related debt	42,042,848	28,087,254	49.7%
Restricted	1,067,206	1,085,010	-1.6%
Unrestricted	<u>245,863</u>	<u>2,787,042</u>	<u>-91.2%</u>
Total net assets	<u>\$ 43,355,917</u>	<u>\$ 31,959,306</u>	<u>35.7%</u>

The largest portion of the City's net assets reflects its investment in capital assets of \$42,042,848 (94.6%) (e.g. land, buildings, improvements, infrastructure, and equipment), which is net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net assets (2.5%) represents restricted net assets of \$1,067,206, which is reserved for retirement, insurance, and workers' compensation.

The remaining balance of the City's net assets (2.9%) represents unrestricted net assets of \$245,863, which may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

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

Governmental activities. Governmental activities increased the City's net assets by \$11,396,611.

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

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

	<u>2008</u>	<u>2007</u>	<u>Percent of Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 8,971,679	\$ 8,718,839	2.9%
Operating grants and contributions	3,986,017	4,251,761	-6.3%
Capital grants and contributions	3,114,616	523,416	495.1%
General revenues:			
Property taxes	13,393,699	12,895,803	3.9%
Real property tax items	851,684	1,216,948	-30.0%
Non-property tax items	8,134,193	7,979,888	1.9%
Use of money and property	242,643	372,457	-34.9%
Sale of property and compensation for loss	300,855	544,586	-44.8%
Miscellaneous	311,808	46,287	573.6%
Interfund Revenue	80,000	80,000	0.0%
State and Federal Aid	5,204,784	5,490,925	-5.2%
Total revenues	<u>44,591,978</u>	<u>42,120,910</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

	<u>2008</u>	<u>2007</u>	<u>Percent of Increase (Decrease)</u>
Expenses:			
General government support	\$ 1,362,009	\$ 6,047,688	-77.5%
Public safety	13,424,867	12,415,988	8.1%
Transportation	3,465,990	7,268,970	-52.3%
Economic assistance and opportunity	222,956	208,111	7.1%
Culture and recreation	2,592,880	2,531,782	2.4%
Home and community services	11,497,983	14,928,418	-23.0%
Interest and fiscal charges	<u>628,682</u>	<u>663,234</u>	<u>-5.2%</u>
Total expenses	<u>33,195,367</u>	<u>44,064,191</u>	<u>-24.7%</u>
 Change in net assets	 11,396,611	 (1,943,281)	 -686.5%
 Net assets - beginning	 <u>31,959,306</u>	 <u>33,902,587</u>	 <u>-5.7%</u>
 Net assets - ending	 <u>\$ 43,355,917</u>	 <u>\$ 31,959,306</u>	 <u>35.7%</u>

Business-type activities. The City does not have any business type activities.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis December 31, 2008

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At December 31, 2008, the City's governmental funds reported combined fund balances of \$4,631,722, a decrease of \$1,735,993 in comparison with the prior year. Approximately 68.7% of the combined fund balances, \$3,184,980, constitutes *unreserved fund balance*, which is available to meet the City's current and future operational and capital needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has already been committed: (1) \$200,000 reserved for future workers' compensation claims; (2) \$379,536 reserved for encumbrances; (3) \$571,237 reserved for retirement; and (4) \$295,969 reserved for insurance.

The general fund is the chief operating fund of the City. At December 31, 2008, unreserved fund balance of the general fund was \$2,704,699, while total fund balance reached \$4,025,374. As a measure of general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.9% of total fund expenditures, while total fund balance also represents 13.2% of that same amount.

Revenues for governmental functions totaled \$44,591,978 in fiscal year ended December 31, 2008, which represents an increase of 5.9% from the fiscal year ended December 31, 2007.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

The following table presents the amount of revenues from various sources, as well as, increases or decreases from the prior year:

Revenues Classified by Source
Governmental Funds

	<u>December 31,</u> <u>2008 Amount</u>	<u>Percent of</u> <u>Total</u>	<u>December 31,</u> <u>2007 Amount</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent of</u> <u>Increase</u> <u>(Decrease)</u>
Revenues					
Real property taxes and tax items	\$ 14,245,383	31.95%	\$ 14,112,751	\$ 132,632	0.94%
Non-property tax items	8,134,193	18.24%	7,979,888	154,305	1.93%
Departmental income	8,361,618	18.75%	8,130,532	231,086	2.84%
Intergovernmental charges	123,819	0.28%	91,193	32,626	35.78%
Use of money and property	242,643	0.54%	372,457	(129,814)	-34.85%
Licenses and permits	221,902	0.50%	213,693	8,209	3.84%
Fines and forfeitures	264,340	0.59%	283,421	(19,081)	-6.73%
Sale of property and compensation for loss	300,855	0.67%	544,586	(243,731)	-44.76%
Miscellaneous	311,808	0.70%	46,287	265,521	573.64%
Interfund Revenue	80,000	0.18%	80,000	-	0.00%
State and Federal Aid	12,305,417	27.60%	10,266,102	2,039,315	19.86%
Total Revenues	<u>\$ 44,591,978</u>	<u>100.00%</u>	<u>\$ 42,120,910</u>	<u>\$ 2,471,068</u>	

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

- Departmental Income - the \$231,086 increase was due to an increase in metered water sales and sewer rents.
- Sale of Property and Compensation for Loss - the \$243,731 decrease was primarily caused by an decrease of acquired property by the City being sold during the year.
- State and Federal Aid – the \$2,039,315 increase was primarily caused by an increase in capital projects.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

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

	<u>Expenditures by Function</u>		<u>Governmental Funds</u>			
	<u>December 31,</u>	<u>Percent of</u>	<u>December 31,</u>	<u>Amount of</u>	<u>Percent of</u>	
	<u>2008 Amount</u>	<u>Total</u>	<u>2007 Amount</u>	<u>Increase</u>	<u>Increase</u>	
				<u>(Decrease)</u>	<u>(Decrease)</u>	
Expenditures:						
General governmental support	\$ 3,858,109	8.33%	\$ 3,761,251	\$ 96,858	2.58%	
Public safety	8,952,147	19.32%	8,621,488	330,659	3.84%	
Transportation	4,090,808	8.83%	3,753,327	337,481	8.99%	
Economic assistance and opportunity	156,909	0.34%	151,590	5,319	3.51%	
Culture and recreation	1,859,048	4.01%	1,756,045	103,003	5.87%	
Home and community services	10,376,573	22.40%	11,974,094	(1,597,521)	-13.34%	
Employee benefits	8,893,395	19.20%	8,190,505	702,890	8.58%	
Capital outlay	4,941,252	10.67%	3,884,361	1,056,891	27.21%	
Debt service:						
Principal	2,500,500	5.40%	2,291,000	209,500	9.14%	
Interest	699,230	1.51%	703,289	(4,059)	-0.58%	
Total Expenditures	<u>\$ 46,327,971</u>	<u>100.00%</u>	<u>\$ 45,086,950</u>	<u>\$ 1,241,021</u>		

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

Expenditures

- Home and Community Services - The \$1,597,521 decrease was caused by the decrease in expenditures relating to Federal (including FEMA) and State programs.
- Public Safety - The \$330,659 increase was caused by retroactive payroll based on the renegotiation of union contracts.
- Capital Outlay – The \$1,056,891 increase was caused by an increase in contractual obligations for capital projects.

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

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

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

	<u>Major Funds</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Fund Balance at December 31, 2006	\$ 3,747,297	\$ 689,023	\$ 1,392,435	\$ 5,828,755
Revenues	30,876,410	10,721,084	523,416	42,120,910
Expenditures	<u>(29,978,717)</u>	<u>(11,223,872)</u>	<u>(3,884,361)</u>	<u>(45,086,950)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>897,693</u>	<u>(502,788)</u>	<u>(3,360,945)</u>	<u>(2,966,040)</u>
Other Financing Sources, Net	<u>(381,401)</u>	<u>300,000</u>	<u>3,586,401</u>	<u>3,505,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	<u>516,292</u>	<u>(202,788)</u>	<u>225,456</u>	<u>538,960</u>
Fund Balance at December 31, 2007	4,263,589	486,235	1,617,891	6,367,715
Revenues	30,453,040	10,859,424	3,279,514	44,591,978
Expenditures	<u>(30,511,255)</u>	<u>(10,875,464)</u>	<u>(4,941,252)</u>	<u>(46,327,971)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(58,215)</u>	<u>(16,040)</u>	<u>(1,661,738)</u>	<u>(1,735,993)</u>
Other Financing Sources, Net	<u>(180,000)</u>	<u>55,000</u>	<u>125,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	<u>(238,215)</u>	<u>38,960</u>	<u>(1,536,738)</u>	<u>(1,735,993)</u>
Fund Balance at December 31, 2008	<u>\$ 4,025,374</u>	<u>\$ 525,195</u>	<u>\$ 81,153</u>	<u>\$ 4,631,722</u>

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis
December 31, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no differences between the total original budget and the final amended budget for the City of North Tonawanda.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2008, amounted to \$54,617,848 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, and equipment.

Current assets net of depreciation are presented below:

Summary of City of North Tonawanda's Capital Assets
(Net of Depreciation)

	<u>2008</u>	<u>2007</u>	<u>Percent of</u> <u>Change</u>
Land	\$ 4,400,350	\$ 4,400,350	0.00%
Work in Progress	9,390,592	-	100.00%
Transportation network	3,677,868	3,173,232	15.90%
Buildings and improvements	7,471,191	7,481,541	-0.14%
Machinery and equipment	4,558,210	2,838,417	60.59%
Water treatment and distribution network	5,113,408	5,272,127	-3.01%
Sanitary sewer network	<u>20,006,229</u>	<u>19,997,087</u>	0.05%
Total	<u>\$ 54,617,848</u>	<u>\$ 43,162,754</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Management's Discussion and Analysis **December 31, 2008**

Long-term Debt

At December 31, 2008, the City had total long-term debt outstanding of \$14,854,093 as compared to \$17,454,035 in the prior year. The amount is comprised of Serial Bonds of \$12,575,000, long term portion of retirement contributions of \$1,226,534 and Compensated Absences of \$1,052,559. During the year, retirement of debt amounted to \$2,756,947. New York State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year valuation. The current debt-limitation for the City is \$74,715,571, which is significantly in excess of the City's outstanding general obligation debt.

Since 2007, the City's general obligation debt has maintained an A3 rating from Moody's Investment Service.

Additional information on the City's long-term debt can be found on pages 45-46 of the Notes to the Financial Statements.

Short-term Debt

At December 31, 2008, the City had a BAN outstanding in the amount of \$2,270,000 at 2.41% interest.

Request for information

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

BASIC FINANCIAL STATEMENTS

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2008

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 5,777,254
Receivables (Net of Allowances for Estimated Uncollectables):	
Taxes	4,689,283
Accounts	1,562,026
Loans	20,953
State and Federal	636,224
Due from Other Governments	1,076,159
Prepaid Expenses	571,237
Capital Assets:	
Land	4,400,350
Work in Progress	9,390,592
Other Capital Assets, Net of Depreciation	<u>40,826,906</u>
Total Assets	<u>\$ 68,950,984</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF NET ASSETS

December 31, 2008

LIABILITIES AND NET ASSETS

	<u>Governmental Activities</u>
Liabilities:	
Accounts Payable	\$ 729,704
Accrued Liabilities	536,150
Accrued Interest	46,579
FSS Escrow - PHA	74,928
Due to Other Governments	1,683,927
Deferred Revenues	4,406,705
BAN Payable	2,270,000
Long-term Liabilities:	
Accrued Post-Employment Benefit Obligation	992,981
Due within One Year	2,235,000
Due in more than One Year	12,619,093
Total Liabilities	<u>25,595,067</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	42,042,848
Restricted for:	
Retirement	571,237
Insurance	295,969
Workers' Compensation	200,000
Unrestricted	<u>245,863</u>
Total Net Assets	<u>43,355,917</u>
Total Liabilities and Net Assets	<u>\$ 68,950,984</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions/Programs:					
Governmental Activities:					
General Government	\$ (1,362,009)	\$ 491,935	\$ -	\$ -	\$ (870,074)
Public Safety	(13,424,867)	386,647	130,741		(12,907,479)
Health	-	32,224			32,224
Transportation	(3,465,990)		184,759	1,233,950	(2,047,281)
Economic Assistance and Opportunity	(222,956)				(222,956)
Culture and Recreation	(2,592,880)	927,680	91,740		(1,573,460)
Home and Community Services	(11,497,983)	7,133,193	3,578,777	1,880,666	1,094,653
Interest and Fiscal Charges	(628,682)	-	-	-	(628,682)
Total Governmental Activities	<u>\$ (33,195,367)</u>	<u>\$ 8,971,679</u>	<u>\$ 3,986,017</u>	<u>\$ 3,114,616</u>	<u>(17,123,055)</u>
General Revenues:					
Property Taxes Levied for General Purposes					13,393,699
Real Property Tax Items					851,684
Non-property Tax Items					8,134,193
Use of Money and Property					242,643
Sales of Property and Compensation for Loss					300,855
Miscellaneous					311,808
Interfund Revenues					80,000
State and Federal Aid					<u>5,204,784</u>
Total General Revenues					<u>28,519,666</u>
Change in Net Assets					11,396,611
Total Net Assets at Beginning of Year					<u>31,959,306</u>
Total Net Assets of End of Year					<u>\$ 43,355,917</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Balance Sheet
December 31, 2008

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash	\$ 1,797,255	\$ 1,395,101	\$ 2,584,898	\$ 5,777,254
Receivables (Net of Allowances for Estimated Uncollectables):				
Taxes	4,689,283			4,689,283
Accounts	90,272	1,471,754		1,562,026
Loans		20,953		20,953
State and Federal	208,544	427,680		636,224
Due from Other Funds	1,630,816			1,630,816
Due from Other Governments	1,076,159			1,076,159
Prepaid Expenses	<u>501,659</u>	<u>69,578</u>	<u>-</u>	<u>571,237</u>
Total Assets	<u>\$ 9,993,988</u>	<u>\$ 3,385,066</u>	<u>\$ 2,584,898</u>	<u>\$ 15,963,952</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Balance Sheet
December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 464,088	\$ 197,687	\$ 67,929	\$ 729,704
Accrued Liabilities	453,663	82,487		536,150
FSS Escrow - PHA		74,928		74,928
Due to Other Funds		1,465,000	165,816	1,630,816
Due to Other Governments	1,264,869	419,058		1,683,927
Deferred Revenues	3,785,994	620,711		4,406,705
BAN Payable	-	-	2,270,000	2,270,000
Total Liabilities	<u>5,968,614</u>	<u>2,859,871</u>	<u>2,503,745</u>	<u>11,332,230</u>
Fund Balances:				
Reserved for:				
Encumbrances	323,047	56,489		379,536
Retirement	501,659	69,578		571,237
Insurance	295,969			295,969
Workers' Compensation	200,000			200,000
Unreserved:				
Designated for Golf Course Improvements	81,879			81,879
Designated for Subsequent Year's Expenditures	950,000			950,000
Undesignated	1,672,820	399,128	81,153	2,153,101
Total Fund Balances	<u>4,025,374</u>	<u>525,195</u>	<u>81,153</u>	<u>4,631,722</u>
Total Liabilities and Fund Balances	<u>\$ 9,993,988</u>	<u>\$ 3,385,066</u>	<u>\$ 2,584,898</u>	<u>\$ 15,963,952</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

**Reconciliation of Statement of Net Assets
To Governmental Fund Balances
For the Year Ended December 31, 2008**

	<u>Governmental Activities</u>
Total Governmental Fund Balances	\$ 4,631,722
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	54,617,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds	(14,854,093)
Net accrued interest for bonds are not reported in the funds	(46,579)
Accrued Post Employment Benefit Obligation	<u>(992,981)</u>
Net Assets of Governmental Activities	<u>\$ 43,355,917</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Real Property Taxes	\$ 13,393,699	\$ -	\$ -	\$ 13,393,699
Real Property Tax Items	851,684			851,684
Non-property Tax Items	8,134,193			8,134,193
Departmental Income	1,253,916	7,107,702		8,361,618
Intergovernmental Charges	123,819			123,819
Use of Money and Property	189,978	52,665		242,643
Licenses and Permits	221,902			221,902
Fines and Forfeitures	264,340			264,340
Sale of Property and Compensation for Loss	280,550	20,305		300,855
Miscellaneous	46,935	99,975	164,898	311,808
Interfund Revenue	80,000			80,000
State Aid	5,555,550	70,030	2,507,116	8,132,696
Federal Aid	56,474	3,508,747	607,500	4,172,721
	<u>30,453,040</u>	<u>10,859,424</u>	<u>3,279,514</u>	<u>44,591,978</u>
Total Revenues				

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

CITY OF NORTH TONAWANDA, NEW YORK

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures:				
Current:				
General Government Support	\$ 3,832,093	\$ 26,016	\$ -	\$ 3,858,109
Public Safety	8,952,147			8,952,147
Transportation	4,090,808			4,090,808
Economic Opportunity and Development	156,909			156,909
Culture and Recreation	1,859,048			1,859,048
Home and Community Services	1,467,315	8,909,258		10,376,573
Employee Benefits	7,531,652	1,361,743		8,893,395
Capital Outlay			4,941,252	4,941,252
Debt Service - Principal	2,068,000	432,500		2,500,500
Debt Service - Interest	553,283	145,947	-	699,230
Total Expenditures	<u>30,511,255</u>	<u>10,875,464</u>	<u>4,941,252</u>	<u>46,327,971</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(58,215)</u>	 <u>(16,040)</u>	 <u>(1,661,738)</u>	 <u>(1,735,993)</u>
 Other Sources and (Uses):				
Transfers from Other Funds		55,000	125,000	180,000
Transfers to Other Funds	<u>(180,000)</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>
Total Other Sources and (Uses)	<u>(180,000)</u>	<u>55,000</u>	<u>125,000</u>	<u>-</u>
 Net Change in Fund Balances	 (238,215)	 38,960	 (1,536,738)	 (1,735,993)
 Fund Balance at Beginning of Year	 <u>4,263,589</u>	 <u>486,235</u>	 <u>1,617,891</u>	 <u>6,367,715</u>
 Fund Balance at End of Year	 <u>\$ 4,025,374</u>	 <u>\$ 525,195</u>	 <u>\$ 81,153</u>	 <u>\$ 4,631,722</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008**

	<u>Governmental Activities</u>
Amounts Reported for Governmental Activities in the Statement of of Activities are Different Because:	
Net Changes in fund balances of governmental funds	\$ (1,735,993)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as a long-term asset.	11,455,094
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds	2,599,942
Net accrued interest for bonds are not reported in the funds	70,549
Accrued post-employment benefit obligation liability increases long-term liabilities in the statement of net assets and related expenditures in the statement of activities, but not to governmental funds. Net post-employment benefit contribution is an expenditure in governmental funds, but the contribution reduces long-term liabilities in the statement of net assets. This is the amount by which accrued post employment benefit liability adjustment exceeds the contribution.	<u>(992,981)</u>
Change in Net Assets of Governmental Activities	<u>\$ 11,396,611</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2008

	<u>Original</u>		<u>Final</u>		<u>Budgetary</u>		<u>Variance</u>
	<u>Budget</u>		<u>Budget</u>		<u>Actual</u>		<u>Final Budget</u>
							<u>Positive (Negative)</u>
Revenues:							
Real Property Taxes	\$ 13,396,624	\$	\$ 13,396,624	\$	\$ 13,393,699	\$	(2,925)
Real Property Tax Items	1,145,000		1,145,000		851,684		(293,316)
Non-property Tax Items	8,780,000		8,780,000		8,134,193		(645,807)
Departmental Income	1,300,700		1,300,700		1,253,916		(46,784)
Intergovernmental Charges	107,800		107,800		123,819		16,019
Use of Money and Property	266,000		266,000		189,978		(76,022)
Licenses and Permits	291,260		291,260		221,902		(69,358)
Fines and Forfeitures	335,000		335,000		264,340		(70,660)
Sale of Property and Compensation for Loss	336,200		336,200		280,550		(55,650)
Miscellaneous	11,000		11,000		46,935		35,935
Interfund Revenues	80,000		80,000		80,000		-
State Aid	5,124,680		5,124,680		5,555,550		430,870
Federal Aid	12,426		12,426		56,474		44,048
	<u>31,186,690</u>		<u>31,186,690</u>		<u>30,453,040</u>		<u>(733,650)</u>
Total Revenues							

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

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

(Non-GAAP Basis of Budgeting)

For the Year Ended December 31, 2008

	<u>Original Budget</u>		<u>Final Budget</u>		<u>Budgetary Actual</u>		<u>Variance Final Budget Positive (Negative)</u>
Expenditures:							
Current:							
General Government Support	\$ 3,920,439	\$	\$ 4,101,964	\$	\$ 3,894,055	\$	\$ 207,909
Public Safety	8,717,897		8,949,600		8,915,945		33,655
Transportation	3,767,477		4,143,682		4,103,869		39,813
Economic Opportunity and Development	165,109		170,356		158,809		11,547
Culture and Recreation	1,831,668		1,900,877		1,856,957		43,920
Home and Community Services	1,546,949		1,546,949		1,461,853		85,096
Employee Benefits	8,234,000		7,565,111		7,536,542		28,569
Debt Service - Principal	2,282,500		2,067,500		2,068,000		(500)
Debt Service - Interest	720,651		560,651		553,283		7,368
Total Expenditures	<u>31,186,690</u>		<u>31,006,690</u>		<u>30,549,313</u>		<u>457,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>		<u>180,000</u>		<u>(96,273)</u>		<u>276,273</u>
Other Sources and (Uses):							
Transfers to Other Funds	<u>-</u>		<u>(180,000)</u>		<u>(180,000)</u>		<u>-</u>
Total Other Sources and (Uses)	<u>-</u>		<u>(180,000)</u>		<u>(180,000)</u>		<u>-</u>
Net Change in Fund Balances	<u>-</u>		<u>-</u>		<u>(276,273)</u>		<u>(276,273)</u>
Fund Balance at January 1, 2008	<u>3,978,600</u>		<u>3,978,600</u>		<u>3,978,600</u>		<u>-</u>
Fund Balance at December 31, 2008	<u>\$ 3,978,600</u>	\$	<u>3,978,600</u>	\$	<u>3,702,327</u>	\$	<u>(276,273)</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets
For the Year Ended December 31, 2008

	<u>Permanent Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:			
Cash and Cash Equivalents	\$ 3,000	\$ 91,576	\$ 124,342
Total Assets	<u>\$ 3,000</u>	<u>\$ 91,576</u>	<u>\$ 124,342</u>
Liabilities:			
Other Liabilities	\$ -	\$ -	\$ 124,342
Total Liabilities	<u>-</u>	<u>-</u>	<u>124,342</u>
Net Assets	<u>3,000</u>	<u>91,576</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 3,000</u>	<u>\$ 91,576</u>	<u>\$ 124,342</u>

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

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

CITY OF NORTH TONAWANDA, NEW YORK

Notes to Financial Statements December 31, 2008

Note 1 - Summary of Significant Accounting Policies

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

A) Financial Reporting Entity

The City of North Tonawanda, New York, which was incorporated in 1897, is governed by City Law and other general laws of the State of New York and various local laws and ordinances. The City Council is the legislative body responsible for overall operations of the City. The Mayor serves as Chief Executive Officer and the City Treasurer as the Chief Fiscal Officer of the City.

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

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

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

A) Financial Reporting Entity (Cont.)

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

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

B) Government-wide and Financial Statements

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

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is the determination of what is expressed in reporting an entity's financial performance and position, (i.e., expenditures or expenses). A particular measurement focus is accomplished both by considering what resources will be measured and the basis of accounting.

Basis of accounting refers to when revenues, expenditures/expenses, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus.

Accrual Basis - Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Modified Accrual Basis - Under this basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from federal, state, or other grants designated for specific City expenditure are recognized when the related expenditures are incurred.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and expenditures for inventory-type items and for prepayments (except retirement) are recognized at the time of the disbursements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

Water Fund - This fund accounts for the revenues and expenditures derived from providing water services to City residents.

Sewer Fund - This fund accounts for the revenues and expenditures derived from providing sanitary sewer services to City residents.

Special Grant Fund - This fund is used to account for the grant proceeds that are made available to the City by the United States Department of Housing and Urban Development.

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

Additionally, the City reports the following fiduciary fund types that are used to account for assets held by the City in a custodial capacity:

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

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

Agency Fund - Used to account for money and property received and held in the capacity of custodian or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. Agency funds, such as payroll withholdings, are reported as liabilities.

Permanent and Private Purpose Trusts - Used to account for donated funds used for the purposes designated by the donors.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues are those that cannot be associated directly with program activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D) Property Tax Revenue Recognition

Property taxes attach an enforceable lien on property as of December 31. Taxes are levied on April 1. The City bills and collects its own taxes and also serves as collector of Niagara County and North Tonawanda City School District property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The City is responsible for School District taxes reaching fourteen months delinquency. An allowance for uncollectible taxes has been recorded for those property taxes, which have been deemed to be uncollectible.

The City may not annually levy taxes, other than the debt service on City indebtedness in excess of 2% of the average full valuation of taxable real estate in the City for the previous years. This maximum taxing power for the year ended December 31, 2008 amounted to \$20,166,887. The 2008 tax levy of \$13,396,624, less \$3,103,251 in exclusions, represents approximately 50% of the maximum taxing power.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

E) Budgets and Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

E) Budgets and Budgetary Data (Cont.)

9. Common Council authorization is required for amounts exceeding \$250 for transfers of budgeted amounts within departments within any fund, transfers between departments within any fund, or any revisions that alter the total appropriations of any fund.
10. If the Mayor vetoes the budget, the Council needs a 2/3 vote or 4 votes to override. The Common Council shall meet no later than October 31st to consider overriding the Mayor's veto of budget items.
11. Formal budgetary integration is employed as a management control device during the year for all governmental fund types except for the Special Grant Fund and Capital Projects Fund. Budgetary control for the Special Grant Fund is provided by annual grant entitlements that are approved by the United States Department of Housing and Urban Development. Budgetary control over the Capital Projects Fund is provided by Common Council approval of bond authorizations and provisions of bond indebtedness.

F) Encumbrances

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

G) Investments

The City had no marketable securities as of December 31, 2008. Investments such as certificates of deposits are shown under the caption "cash."

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

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

H) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$35,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives.

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

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

I) Insurance

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

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

The City is also currently covered under property insurance, emergency medical technician (EMT) professional liability/malpractice, police professional liability, and public officials bond and theft, disappearance and destruction policies.

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred, the amount of loss can be reasonably estimated, and the estimated amount of loss exceeds insurance coverage.

Effective June 9, 1999, the City became self-insured for Workers' Compensation. Prior to June 9, 1999, Workers' Compensation coverage was provided through the Niagara County Self-Insurance Fund.

J) Pensions

Nearly all City employees are members of various New York State retirement systems. The City is invoiced annually by the Systems for its share of the costs.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

K) Vacation, Sick Leave and Compensatory Absences

City employees are granted vacation and sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Depending upon the years of service and/or union membership, most employees are entitled to between one and six weeks of annual vacation. Generally, employees may not accrue unused vacation days beyond the expiration of the City's fiscal year end. Sick leave is administered to employees of the City as follows:

	<u>Fire</u>	<u>Police</u>	<u>CSEA</u>	<u>DPW</u>	<u>OPEIU</u>
Monthly Accrual Employed Prior to 1987	1 ½ days	1 ½ days	1 ½ days	1 ½ days	1 ½ days
Monthly Accrual Employed After 1987	1 day	1 ¼ days	1 day	1 day	1 day
Maximum Accrual	180 days	200 days	180 days	180 days	272 days
Payment at Termination	35% Unused	50% Unused	> 175 days	> 175 days	20% Unused

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

Payment of sick leave and compensatory absences is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory damages when such payment becomes due.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

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

L) Economic Development and Rehabilitation Loans Receivable

These loans receivable are equally offset by deferred revenue which indicates that they do not constitute “available expendable resources” since they are not a component of net current assets.

M) Federal Grants

Federal grants are recorded as grant receivable and deferred revenue when the entitlement period occurs. Revenue is recognized as the City incurs expenditures and meets the performance requirements of the grants.

N) Post-employment Benefits

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City’s employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. These benefits terminate upon death of the retired employee. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the 2008 fiscal year, approximately \$932,812 was paid on behalf of 84 retirees and recorded as an expenditure in the General Fund.

O) Restrictions, Reserves and Designations

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

O) Restrictions, Reserves and Designations (cont.)

- *Restricted Net Assets* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the City not restricted for any project or other purpose.

In the fund financial statements, reserves represent that portion of fund balance that has been legally segregated for a specific use or is not appropriate for expenditure by the City at December 31, 2008, and include:

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

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

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

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

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

P) Restrictions, Reserves and Designations (cont.)

In the fund financial statements, designations are not legally required segregations, but are segregated for a specific purpose by the City. Designations at December 31, 2008 were as follows:

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

Designated for Golf Course Improvements - representing golf course fees designated for capital improvements to Deerwood Golf Course.

Note 2 - Reporting on Budgetary Basis

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

Budget columns presented in the accompanying financial statements reflect a deficiency of revenues and other financing sources over expenditures and other financing uses. This deficiency is caused by the anticipated use of prior year's fund balance, which had been designated for 2008 expenditures through the budget process.

Budgetary control of the General Fund is minimally exercised at the department and account level. There was an excess of expenditures/expenses over appropriations at the established control level regarding Debt Service - Principal.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 3 - Cash and Investments

The City's investment policies are governed by state statutes. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit in an amount equal to at least 105% of the amount of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts. The detail of cash and investments at December 31, 2008 consists of:

Petty Cash	\$	7,900
Deposits:		
Checking and Savings Account		<u>5,988,272</u>
Total		<u>\$ 5,996,172</u>

Deposits

Deposits at December 31, 2008 were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 3 - Cash and Investments (Cont.)

Deposits (cont.)

All deposits are carried at cost and consist of:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	
Primary Government:			
General Fund	\$ 1,733,124	\$ 1,789,355	Insured (FDIC), collateral held by City's Custodial Bank
Special Revenue Fund	1,626,140	1,395,101	Insured (FDIC), collateral held by City's Custodial Bank
Capital Projects Fund	<u>2,584,839</u>	<u>2,584,898</u>	Insured (FDIC), collateral held by City's Custodial Bank
	<u>5,944,103</u>	<u>5,769,354</u>	
Fiduciary Fund:			
Trust and Agency Fund	<u>220,209</u>	<u>218,918</u>	Insured (FDIC), collateral held by City's Custodial Bank
Total	<u>\$ 6,164,312</u>	<u>\$ 5,988,272</u>	

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 4 - Receivables - State and Federal

State and federal receivables accrued by the City at December 31, 2008 include the following:

General Fund:

State Aid - Highway Maintenance	\$	61,585
State Aid - Court System		141,252
State Aid - Police		767
State Aid - Youth Bureau		4,940
Total General Fund		<u>208,544</u>

Special Grant Fund:

Federal Aid		<u>427,680</u>
Total	\$	<u>636,224</u>

Note 5 - Due from Other Governments

Other government receivables accrued by the City at December 31, 2008 include the following:

General Fund:

Niagara County Sales Tax	\$	<u>1,076,159</u>
Total	\$	<u>1,076,159</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

<u>Type</u>	<u>Balance at January 1, 2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at December 31, 2008</u>
Capital Assets Not Being Depreciated:				
Land	\$ 4,400,350	\$ -	\$ -	\$ 4,400,350
Work in Progress	-	9,390,592	-	9,390,592
Total Capital Assets not being Depreciated	<u>4,400,350</u>	<u>9,390,592</u>	<u>-</u>	<u>13,790,942</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	10,440,004	95,000		10,535,004
Machinery and Equipment	6,086,544	2,158,942		8,245,486
Transportation Network	4,548,740	772,280		5,321,020
Water Treatment and Distribution Network	8,532,933	-		8,532,933
Sanitary Sewer Network	39,715,176	1,015,847	-	40,731,023
Total Capital Assets Being Depreciated	<u>69,323,397</u>	<u>4,042,069</u>	<u>-</u>	<u>73,365,466</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	2,958,463	105,350		3,063,813
Machinery and Equipment	3,248,127	439,149		3,687,276
Transportation Network	1,375,508	267,644		1,643,152
Water Treatment and Distribution Network	3,260,806	158,719		3,419,525
Sanitary Sewer Network	19,718,089	1,006,705	-	20,724,794
Total Accumulated Depreciation	<u>30,560,993</u>	<u>1,977,567</u>	<u>-</u>	<u>32,538,560</u>
Total Assets Being Depreciated, Net	<u>\$ 38,762,404</u>	<u>\$ 2,064,502</u>	<u>\$ -</u>	<u>\$ 40,826,906</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 7 - Retirement Plans

Plan Description

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

Funding Policy

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 7 - Retirement Plans (Cont.)

Funding Policy (cont.)

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

	<u>ERS</u>	<u>PFRS</u>
2008	\$ 897,775	\$ 1,387,171
2007	927,519	1,428,647
2006	1,019,477	953,367

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

Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to begin making payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The City of North Tonawanda elected to prepay such liability.

Note 8 - Short-term Debt

The City may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund. The City had no outstanding RAN's or TAN's at December 31, 2008.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 8 - Short-term Debt (cont.)

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Funds. Principal payments on BAN's must be made annually. There was a BAN outstanding at year end amounting to \$2,270,000 at 2.41% interest.

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

Note 9 - Long-term Debt

- a. At December 31, 2008 the total outstanding long-term bond indebtedness of the City aggregated \$12,575,000. Of this amount, \$12,093,707 was subject to the constitutional debt limit and represented approximately 16.18% of its debt limit.
- b. Compensated Absences represents the value of earned and unused portion of the liability for compensated absences.
- c. Summary Long-term Debt. The following is a summary of long-term liabilities outstanding at December 31, 2008:

Serial Bonds	\$ 12,575,000
NYS Retirement System	1,052,559
Compensated Absences	<u>1,226,534</u>
	<u>\$ 14,854,093</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 9 - Long-term Debt (cont.)

d. The following is a summary of changes in long-term liabilities for the year ended December 31, 2008:

	<u>Serial Bonds</u>	<u>NYS Retirement System</u>	<u>Compensated Absences</u>
Balance at January 1, 2008	\$ 15,075,500	\$ 1,309,006	\$ 1,069,529
Additions	-	-	157,005
Deletions	<u>(2,500,500)</u>	<u>(256,447)</u>	<u>-</u>
Balance at December 31, 2008	<u>\$ 12,575,000</u>	<u>\$ 1,052,559</u>	<u>\$ 1,226,534</u>

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

Note 9 - Long-term Debt (Cont.)

e. Maturity Schedule

The following schedule sets forth the remaining annual maturities of long-term debt by debt type at December 31, 2008:

<u>Year</u>	<u>Serial Bond Principal</u>	<u>Serial Bond Interest</u>	<u>Total</u>
2009	\$ 2,235,000	\$ 596,253	\$ 2,831,253
2010	1,900,000	494,699	2,394,699
2011	1,485,000	409,911	1,894,911
2012	1,185,000	342,861	1,527,861
2013	1,110,000	289,337	1,399,337
2014-2018	3,400,000	809,595	4,209,595
2019-2023	960,000	227,738	1,187,738
2024-2027	300,000	36,780	336,780
	<hr/>	<hr/>	<hr/>
Total	\$ 12,575,000	\$ 3,207,174	\$ 15,782,174

Note 10 - Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2008 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,630,816	\$ -
Capital Projects Funds		165,816
Sewer Fund		900,000
Water Fund	-	565,000
	<hr/>	<hr/>
	\$ 1,630,816	\$ 1,630,816

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 11 - Fund Balance Reservations

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

<u>Fund</u>	<u>Balance</u>
Government Fund Type:	
General Fund - Retirement	\$ 501,659
General Fund - Reserve for Insurance	295,969
General Fund - Reserve for Workers' Compensation	200,000
General Fund - Reserve for Encumbrances	323,047
Special Revenue Fund Type:	
Sewer Fund - Encumbrances	37,303
Sewer Fund - Retirement	40,400
Water Fund - Encumbrances	19,186
Water Fund - Retirement	29,178
Total	<u>\$ 1,446,742</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 12 - Fund Balance Designations

Designations are not legally required segregations but are segregated for a specific purpose by the City at December 31, 2008 and consist of the following:

Designated for golf course improvements represents available fund balances that can only be appropriated to finance improvements at the Deerwood Golf Course:

<u>Fund</u>	<u>Amount</u>
Governmental Fund Type:	
General Fund	<u>\$ 81,879</u>

Note 13 Contingencies

The City is a recipient of several grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 14 Special Grant Fund

The City has entered into several contracts with the United States Department of Housing and Urban Development. These contracts authorize the City to receive grant assistance for expenditures towards eligible activities for various program years. Any excess of authorizations over revenues are still available to the City as follows:

<u>Program Year</u>	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
1998	\$ 400,000	\$ 400,000	\$ -
1999	400,000	400,000	
2005	315,790	315,790	
2006	14,715	14,715	
2007	-	-	
2008	-	-	-
	-----	-----	-----
	<u>\$ 1,130,505</u>	<u>\$ 1,130,505</u>	<u>\$ -</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 14 - Special Grant Fund (Con't)

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

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

<u>Program Year</u>	<u>Community Development Block Grant Program</u>		
	<u>Authorized</u>	<u>Revenue Received</u>	<u>Receivable</u>
2000	\$ 857,000	\$ 857,000	\$ -
2003	358,558	358,558	-
2005	285,967	285,967	-
2006	650,000	650,000	-
	<u>\$ 2,151,525</u>	<u>\$ 2,151,525</u>	<u>\$ -</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

Note 15 - Other Postemployment Benefits/Implementation of GASB Statement 45

City

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

During 2008, the City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, prospectively. This statement establishes standards for the recognition, measurement, and display of other postemployment benefits (retiree health insurance) expenses and related liabilities and note disclosure.

Plan Description

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

Funding Policy

The obligations of the Plan members, employers and other entities are established by employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement covering the retiree, the retiree's hiring date and number of years of service to the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. For 2008, the City contributed approximately \$102,753 for current premiums. The costs of administering this plan are paid by the City.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 15 - Other Postemployment Benefits/Implementation of GASB Statement 45, (Cont.)

Funded Status and Funding Progress

The schedule of funding progress presents multi year (when available) trend information that is useful in determining whether the actuary's value of Plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liability. The following table sets forth the actuarial accrued liability and funded status of the Plan as of March 1, 2008 the latest valuation date.

Actuarial Accrued Liability (AAL)

Actuarial accrued liability	\$ 39,490,505
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>39,490,505</u>
Funded ratio	<u>0%</u>
Annual covered payroll	<u>13,939,039</u>
Ratio of unfunded actuarial accrued liability to covered payroll	<u>283.31%</u>
2008 normal cost	<u>461,779</u>

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 15 - Other Postemployment Benefits/Implementation of GASB Statement 45, (Cont.)

Funded Status and Funding Progress, (cont.)

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

UAAL	\$ 39,490,505
Amortization period (years)	30
Amortization discount rate	1.94175%
Present value factor	23.0153
2008 UAAL amortization amount	1,715,831

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfounded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2008:

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements
December 31, 2008

Note 15 - Other Postemployment Benefits/Implementation of GASB Statement 45, (Cont.)

Funded Status and Funding Progress, (cont.)

The following table reconciles the City's OPEB obligation at December 2008:

Net OPEB obligation at beginning of year	\$	-
2008 OPEB expense		2,188,170
2008 OPEB contributions		<u>(1,195,189)</u>
Net OPEB obligation at end of year		992,981
Less: estimated current portion of OPEB obligation		<u>-</u>
Estimated long-term portion of OPEB obligation	\$	<u>992,981</u>
Percentage of expense contributed		<u>54.60%</u>

Actuarial Methods and Assumptions

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

CITY OF NORTH TONAWANDA, NEW YORK

Notes to the Financial Statements

December 31, 2008

Note 15 - Other Postemployment Benefits/Implementation of GASB Statement 45, (Cont.)

Actuarial Methods and Assumptions, (cont.)

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

The measurement date for the calculation was December 31st and the discount rate utilized was 5%. No salary increases were assumed since benefits are not based on compensation. Health care costs for both governmental and business-type activities were assumed to increase as follows:

<u>Trend Increase</u>	
<u>Year</u>	<u>Medical Trend Rate</u>
2008	10.0%
2009	9.5%
2010	9.0%
2011	8.5%
2012	8.0%
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
2018 and thereafter	5.0%

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Real Property Taxes				
A1001.	Real Property Taxes	\$ 13,396,624	\$ 13,393,699	\$ (2,925)	\$ 12,895,803
	Real Property Tax Items				
A1050.	Unneeded Reserve for Uncollected Taxes	775,000	359,906	(415,094)	830,998
A1081.	Other Payments in Lieu of Taxes (Shelter Tax Rent)	170,000	301,919	131,919	188,060
A1090.	Interest and Penalties on Taxes	<u>200,000</u>	<u>189,859</u>	<u>(10,141)</u>	<u>197,890</u>
	Total Real Property Tax Items	<u>1,145,000</u>	<u>851,684</u>	<u>(293,316)</u>	<u>1,216,948</u>
	Nonproperty Tax Items				
A1120.	Sales Tax (from County)	7,410,000	6,962,866	(447,134)	6,773,427
A1130.	Utilities Gross Receipts Tax	1,060,000	1,004,796	(55,204)	888,156
A1170.	Franchises	<u>310,000</u>	<u>166,531</u>	<u>(143,469)</u>	<u>318,305</u>
	Total Nonproperty Tax Items	<u>8,780,000</u>	<u>8,134,193</u>	<u>(645,807)</u>	<u>7,979,888</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
Departmental Income					
A1230.	Treasurer's Fees	\$ 110,000	\$ 126,388	\$ 16,388	\$ 114,486
A1231.	Treasurer's Tax Search Fees	20,000	15,903	(4,097)	19,001
A1235.	Reimbursement for Tax Sale				
	Advertising Expenses	2,000	2,388	388	2,040
A1255.	City Clerk's Fees	1,100	5,473	4,373	1,769
A1520.	Police Department Fees	5,600	4,986	(614)	11,220
A1550.	Public Pound Charges	700	792	92	625
A1560	Engineering Bids	-	500	500	-
A1603	Vital Statistics Fees	30,000	29,793	(207)	29,247
A1710	Public Works Services	7,300	3,528	(3,772)	4,659
A1980.	Public Market Fees and Charges	32,000	37,600	5,600	34,380
A1989.	Special Assessments	30,000	63,775	33,775	33,792
A2001.	Park and Recreation Charges	50,000	45,634	(4,366)	47,075
A2002.	Park Permits	15,000	9,940	(5,060)	18,055
A2003.	Tree Planting Program	5,000	1,190	(3,810)	2,550
A2004.	Boat Launch Permits	11,000	11,930	930	13,105
A2005.	Canal Festival	16,000	31,000	15,000	1,000
A2012.	Recreation Concessions	200,000	180,982	(19,018)	199,775
A2050.	Golf Charges	760,000	679,194	(80,806)	737,491
A2110.	Zoning Board Fees	5,000	2,400	(2,600)	3,350
A2130.	Refuse and Garbage	-	520	520	552
	Total Departmental Income	<u>1,300,700</u>	<u>1,253,916</u>	<u>(46,784)</u>	<u>1,274,172</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
Intergovernmental Charges					
A2210.	Tax and Assessments Services for Other Governments (N.T. School System)	\$ 15,000	\$ 31,410	\$ 16,410	\$ 15,000
A2220.	County Aid - Civil Service Charges	-	16,297	16,297	-
A2261.	County Aid - Drunk Driving Program	45,400	46,400	1,000	42,655
A2262.	County Aid - S W E E P	2,000	-	(2,000)	-
A2357.	County Aid - Nutrition	-	2,431	2,431	2,431
A2358.	County Aid - Transportation	2,400	-	(2,400)	-
A2359.	County Aid - Youth Court	-	1,790	1,790	7,020
A2376.	Department of Public Works Recycling	<u>43,000</u>	<u>25,491</u>	<u>(17,509)</u>	<u>24,087</u>
	Total Intergovernmental Charges	<u>107,800</u>	<u>123,819</u>	<u>16,019</u>	<u>91,193</u>
Use of Money and Property					
A2401.	Interest and Earnings	140,000	90,667	(49,333)	179,462
A2402.	Interest Earned Capital	50,000	21,215	(28,785)	51,085
A2410.	Rentals on Real Property	75,000	77,442	2,442	93,276
A2411.	Rentals Community Center	-	-	-	2,053
A2450.	Commissions - Telephone	<u>1,000</u>	<u>654</u>	<u>(346)</u>	<u>556</u>
	Total Use of Money and Property	<u>266,000</u>	<u>189,978</u>	<u>(76,022)</u>	<u>326,432</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Licenses and Permits				
A2501.	Business Licenses	\$ 2,500	\$ 2,475	\$ (25)	\$ 2,411
A2502.	Occupational Licenses	750	-	(750)	20
A2503.	Amusement Licenses	750	-	(750)	-
A2505.	Marriage Licenses	3,000	-	(3,000)	3,409
A2506.	Hunting and Fishing Licenses	2,000	1,408	(592)	1,450
A2508.	Trailer Licenses	-	323	323	293
A2540.	Bingo Licenses	3,000	3,783	783	3,290
A2541.	Games of Chance Licenses	500	284	(216)	568
A2542.	Dog Licenses	18,000	15,419	(2,581)	14,839
A2553.	Car Dealership License	1,700	3,100	1,400	1,800
A2554.	Contractor Licenses	57,000	57,050	50	52,650
A2555.	Building Alteration Permits	90,000	94,115	4,115	89,268
A2565.	Plumbing Licenses	11,000	9,050	(1,950)	8,750
A2566.	Plumbing Permits	37,000	34,245	(2,755)	33,895
A2567.	Electrical Permits	62,860	-	(62,860)	-
A2590.	Grading Permits	1,200	650	(550)	1,050
	Total Licenses and Permits	<u>291,260</u>	<u>221,902</u>	<u>(69,358)</u>	<u>213,693</u>
	Fines and Forfeitures				
A2610.	Fines and Forfeited Bail	<u>335,000</u>	<u>264,340</u>	<u>(70,660)</u>	<u>283,421</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Sale of Property Compensation for Loss				
A2650.	Sale of Scrap and Excess Materials	\$ 15,000	\$ 32,144	\$ 17,144	\$ 18,961
A2655.	Minor Sales, Other	200	61	(139)	9,593
A2660.	Sale of Real Property	200,000	56,251	(143,749)	340,210
A2680.	Insurance Recoveries - Workers' Compensation	120,000	170,719	50,719	152,181
A2690.	Other Compensation for Loss	<u>1,000</u>	<u>21,375</u>	<u>20,375</u>	<u>12,748</u>
	Total Sale of Property and Compensation for Loss	<u>336,200</u>	<u>280,550</u>	<u>(55,650)</u>	<u>533,693</u>
	Miscellaneous Local Sources				
A2701.	Refunds of Prior Years' Expenditures	1,000	29,769	28,769	20,804
A2770.	Other Unclassified Revenues	<u>10,000</u>	<u>17,166</u>	<u>7,166</u>	<u>25,408</u>
	Total Miscellaneous Local Sources	<u>11,000</u>	<u>46,935</u>	<u>35,935</u>	<u>46,212</u>
	Interfund Revenues				
A2801.	Interfund Revenues - Gibbons	35,000	35,000	-	80,000
A2802.	Interfund Revenues - Grants	30,000	30,000	-	-
A2803.	Interfund Revenues - EDLF	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
	Total Interfund Revenues	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
State Aid - General					
A3001.	Per Capita	\$ 4,268,097	\$ 4,564,065	\$ 295,968	\$ 4,168,096
A3005.	Mortgage Taxes	400,000	324,841	(75,159)	382,439
A3040.	State Aid - Tax Administration	10,183	6,742	(3,441)	10,398
A3088.	Assessor	-	83	83	-
A3309.	State Aid - Archive	-	4,433	4,433	-
A3310.	State Aid - Police	10,000	130,741	120,741	98,239
A3330.	State Aid - Court Facilities	250,000	248,149	(1,851)	189,766
A3589.	Highway Maintenance	120,000	184,756	64,756	123,171
A3960.	Disaster Assistance	-	-	-	219,733
	Total State Aid - General	<u>5,058,280</u>	<u>5,463,810</u>	<u>405,530</u>	<u>5,191,842</u>
State Aid - Culture and Recreation					
A3820.	Youth Projects (Recreation)	10,500	18,399	7,899	8,222
A3821.	Youth Projects (Youth Board)	21,000	13,162	(7,838)	-
A3822.	Youth Projects	<u>34,900</u>	<u>60,179</u>	<u>25,279</u>	<u>9,429</u>
	Total State Aid - Culture and Recreation	<u>66,400</u>	<u>91,740</u>	<u>25,340</u>	<u>17,651</u>
	Total State Aid	<u>5,124,680</u>	<u>5,555,550</u>	<u>430,870</u>	<u>5,209,493</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Federal Aid				
A4320.	Federal Aid - COPS	\$ -	\$ 1,999	\$ 1,999	\$ 1,992
A4341.	Federal Aid - Disaster	12,426	54,475	42,049	13,211
A4960.	Federal Aid - FEMA	<u>-</u>	<u>-</u>	<u>-</u>	<u>710,259</u>
	Total Federal Aid	<u>12,426</u>	<u>56,474</u>	<u>44,048</u>	<u>725,462</u>
	Proceeds from Long Term Obligations				
A5710.	Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND REVENUES		<u>\$ 31,186,690</u>	<u>\$ 30,453,040</u>	<u>\$ (733,650)</u>	<u>\$ 30,876,410</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	General Government Support					
	Legislative					
A1010.	Common Council					
.1	Personal Services	\$ 40,500	\$ 40,498	\$ -	\$ 2	\$ 40,499
.4	Contractual Expenses	500	498	300	(298)	300
	Total Legislative	<u>41,000</u>	<u>40,996</u>	<u>300</u>	<u>(296)</u>	<u>40,799</u>
	Executive					
A1210.	Mayor					
.1	Personal Services	130,118	130,118	-	-	107,540
.4	Contractual Expenses	<u>15,786</u>	<u>14,381</u>	<u>681</u>	<u>724</u>	<u>14,427</u>
	Total Executive	<u>145,904</u>	<u>144,499</u>	<u>681</u>	<u>724</u>	<u>121,967</u>
	Finance					
A1315.	Accountant (Comptroller)					
.1	Personal Services	185,870	185,870	-	-	176,969
.4	Contractual Expenses	<u>11,358</u>	<u>10,838</u>	<u>500</u>	<u>20</u>	<u>15,296</u>
	Total Accountant	<u>197,228</u>	<u>196,708</u>	<u>500</u>	<u>20</u>	<u>192,265</u>
A1320.	Auditor					
.4	Contractual Expenses	<u>16,000</u>	<u>15,900</u>	<u>-</u>	<u>100</u>	<u>15,800</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A1325	Treasurer					
.1	Personal Services	\$ 162,476	\$ 129,499	\$ -	\$ 32,977	\$ 160,772
.4	Contractual Expenses	<u>25,700</u>	<u>15,682</u>	<u>6,000</u>	<u>4,018</u>	<u>21,425</u>
	Total Treasurer	<u>188,176</u>	<u>145,181</u>	<u>6,000</u>	<u>36,995</u>	<u>182,197</u>
A1355.	Assessment					
.1	Personal Services	213,893	213,893	-	-	193,728
.4	Contractual Expenses	<u>113,094</u>	<u>86,507</u>	<u>25,000</u>	<u>1,587</u>	<u>36,032</u>
	Total Assessment	<u>326,987</u>	<u>300,400</u>	<u>25,000</u>	<u>1,587</u>	<u>229,760</u>
A1362.	Tax Advertising and Expense					
.4	Contractual Expenses	<u>2,500</u>	<u>2,232</u>	<u>-</u>	<u>268</u>	<u>1,956</u>
A1364.	Expense on Property Acquired for Taxes					
.4	Contractual Expenses	<u>13,392</u>	<u>13,392</u>	<u>-</u>	<u>-</u>	<u>11,736</u>
A1366.	Tax Sale Certificates - Other Governments					
.4	Contractual Expenses	<u>400,000</u>	<u>379,659</u>	<u>-</u>	<u>20,341</u>	<u>330,198</u>
	Total Finance	<u>1,144,283</u>	<u>1,053,472</u>	<u>31,500</u>	<u>59,311</u>	<u>963,912</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	Staff					
A1410.	City Clerk					
.1	Personal Services	\$ 185,164	\$ 185,164	\$ -	\$ -	\$ 146,188
.4	Contractual Expenses	22,200	24,323	2,350	(4,473)	18,646
	Total City Clerk	<u>207,364</u>	<u>209,487</u>	<u>2,350</u>	<u>(4,473)</u>	<u>164,834</u>
A1420.	Law					
.1	Personal Services	149,815	149,304	-	511	146,330
.4	Contractual Expenses	25,908	21,246	11,695	(7,033)	15,321
	Total Law	<u>175,723</u>	<u>170,550</u>	<u>11,695</u>	<u>(6,522)</u>	<u>161,651</u>
A1440.	Engineer					
.1	Personal Services	231,415	231,415	-	-	216,640
.4	Contractual Expenses	22,647	13,896	8,997	(246)	13,540
	Total Engineer	<u>254,062</u>	<u>245,311</u>	<u>8,997</u>	<u>(246)</u>	<u>230,180</u>
A1450.	Elections					
.2	Equipment	-	-	-	-	770
.4	Contractual Expenses	4,750	2,164	-	2,586	1,122
	Total Elections	<u>4,750</u>	<u>2,164</u>	<u>-</u>	<u>2,586</u>	<u>1,892</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A1490.	Public Works Administration					
.1	Personal Services	\$ 387,967	\$ 387,967	\$ -	\$ -	\$ 389,399
.4	Contractual Expenses	<u>41,315</u>	<u>36,251</u>	<u>1,357</u>	<u>3,707</u>	<u>40,215</u>
	Total Public Works Administration	<u>429,282</u>	<u>424,218</u>	<u>1,357</u>	<u>3,707</u>	<u>429,614</u>
	Total Staff	<u>1,071,181</u>	<u>1,051,730</u>	<u>24,399</u>	<u>(4,948)</u>	<u>988,171</u>
	Shared Services					
A1620.	Buildings					
.1	Personal Services	317,475	317,475	-	-	312,928
.4	Contractual Expenses	<u>216,080</u>	<u>205,858</u>	<u>8,000</u>	<u>2,222</u>	<u>262,006</u>
	Total Buildings	<u>533,555</u>	<u>523,333</u>	<u>8,000</u>	<u>2,222</u>	<u>574,934</u>
A1670.	Central Printing and Mailing					
.2	Equipment	28,054	28,294	-	(240)	9,645
.4	Contractual Expenses	<u>63,000</u>	<u>52,482</u>	<u>16,840</u>	<u>(6,322)</u>	<u>35,091</u>
	Total Central Printing and Mailing	<u>91,054</u>	<u>80,776</u>	<u>16,840</u>	<u>(6,562)</u>	<u>44,736</u>
	Total Shared Services	<u>624,609</u>	<u>604,109</u>	<u>24,840</u>	<u>(4,340)</u>	<u>619,670</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
Special Items						
A1910 .4	Unallocated Insurance	\$ 175,000	\$ 95,050	\$ 79,950	\$ -	\$ 200,400
A1920 .1	Hospitalization Waiver	65,000	57,650	-	7,350	53,983
A1930 .4	Judgments and Claims	209,490	174,514	-	34,976	147,338
A1941 .4	Leases and Rights of Way	10,000	3,842	-	6,158	3,631
A1950 .4	Taxes on City Property	50,000	40,734	-	9,266	94,155
A1980 .4	Provisions for Reserve for Uncollected Taxes	565,497	565,497		-	451,674
	Total Special Items	<u>1,074,987</u>	<u>937,287</u>	<u>79,950</u>	<u>57,750</u>	<u>951,181</u>
	Total General Government Support	<u>4,101,964</u>	<u>3,832,093</u>	<u>161,670</u>	<u>108,201</u>	<u>3,685,700</u>
Public Safety						
A3120.	Police					
.1	Personal Services	4,364,638	4,364,638	-	-	4,204,794
.2	Equipment	35,351	36,580	3,325	(4,554)	38,233
.4	Contractual Expenses	284,192	279,679	22,254	(17,741)	241,070
	Total Police	<u>4,684,181</u>	<u>4,680,897</u>	<u>25,579</u>	<u>(22,295)</u>	<u>4,484,097</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A3310.	Traffic Control					
.1	Personal Services	\$ 295,863	\$ 295,863	\$ -	\$ -	\$ 267,860
.4	Contractual Expenses	<u>128,000</u>	<u>128,483</u>	<u>3,190</u>	<u>(3,673)</u>	<u>116,818</u>
	Total Traffic Control	<u>423,863</u>	<u>424,346</u>	<u>3,190</u>	<u>(3,673)</u>	<u>384,678</u>
A3410.	Fire Department					
.1	Personal Services	3,050,405	3,050,405	-	-	3,046,927
.2	Equipment	32,106	39,361	690	(7,945)	23,260
.4	Contractual Expenses	<u>391,473</u>	<u>388,174</u>	<u>9,779</u>	<u>(6,480)</u>	<u>366,325</u>
	Total Fire Department	<u>3,473,984</u>	<u>3,477,940</u>	<u>10,469</u>	<u>(14,425)</u>	<u>3,436,512</u>
A3510.	Control of Animals					
.4	Contractual Expenses	<u>53,000</u>	<u>47,736</u>	<u>-</u>	<u>5,264</u>	<u>47,808</u>
A3620.	Safety Inspection					
.1	Personal Services	226,065	226,065	-	-	214,878
.2	Equipment	24,307	24,306	-	1	-
.4	Contractual Expenses	<u>21,500</u>	<u>18,606</u>	<u>4,100</u>	<u>(1,206)</u>	<u>18,516</u>
	Total Safety Inspection	<u>271,872</u>	<u>268,977</u>	<u>4,100</u>	<u>(1,205)</u>	<u>233,394</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A3640.	Emergency Management					
.1	Personal Services	\$ 6,950	\$ 6,946	\$ -	\$ 4	\$ 6,083
.2	Equipment	750	414	335	1	750
.4	Contractual Expenses	10,000	11,596	640	(2,236)	6,791
	Total Emergency Management	<u>17,700</u>	<u>18,956</u>	<u>975</u>	<u>(2,231)</u>	<u>13,624</u>
A3650.	Building Demolition					
.4	Contractual Expenses	<u>25,000</u>	<u>33,295</u>	<u>23,175</u>	<u>(31,470)</u>	<u>21,375</u>
	Total Public Safety	<u>8,949,600</u>	<u>8,952,147</u>	<u>67,488</u>	<u>(70,035)</u>	<u>8,621,488</u>
	Transportation					
A5510.	Streets Maintenance					
.1	Personal Services	2,127,713	2,127,713	-	-	2,032,253
.2	Equipment	11,519	11,519	-	-	11,617
.4	Contractual Expenses	948,826	935,765	13,061	-	830,346
	Total Streets Maintenance	<u>3,088,058</u>	<u>3,074,997</u>	<u>13,061</u>	<u>-</u>	<u>2,874,216</u>
A5142.	Snow and Ice Control					
.1	Personal Services	26,060	26,060	-	-	26,060
.4	Contractual Expenses	314,564	314,562	-	2	157,567
	Total Snow and Ice Control	<u>340,624</u>	<u>340,622</u>	<u>-</u>	<u>2</u>	<u>183,627</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A5182.	Street Lighting					
.4	Contractual Expenses	\$ 715,000	\$ 675,189	\$ -	\$ 39,811	\$ 695,484
	Total Transportation	<u>4,143,682</u>	<u>4,090,808</u>	<u>13,061</u>	<u>39,813</u>	<u>3,753,327</u>
	Economic Opportunity and Development					
A6520.	Public Market					
.1	Personal Services	6,000	6,000	-	-	5,001
.4	Contractual Expenses	<u>7,247</u>	<u>4,347</u>	<u>1,900</u>	<u>1,000</u>	<u>458</u>
	Total Public Market	<u>13,247</u>	<u>10,347</u>	<u>1,900</u>	<u>1,000</u>	<u>5,459</u>
A6772.	Programs for Aging					
.1	Personal Services	115,709	114,797	-	912	110,254
.4	Contractual Expenses	<u>41,400</u>	<u>31,765</u>	<u>-</u>	<u>9,635</u>	<u>35,877</u>
	Total Programs for Aging	<u>157,109</u>	<u>146,562</u>	<u>-</u>	<u>10,547</u>	<u>146,131</u>
	Total Economic Opportunity and Development	<u>170,356</u>	<u>156,909</u>	<u>1,900</u>	<u>11,547</u>	<u>151,590</u>
	Culture and Recreation					
A7010.	Council on Arts					
.4	Contractual Expenses	<u>7,500</u>	<u>7,410</u>	<u>-</u>	<u>90</u>	<u>6,698</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A7020.	Recreation Administration					
.1	Personal Services	\$ 164,251	\$ 164,251	\$ -	\$ -	\$ 158,436
.4	Contractual Expenses	18,016	18,474	-	(458)	11,445
	Total Recreation Administration	<u>182,267</u>	<u>182,725</u>	<u>-</u>	<u>(458)</u>	<u>169,881</u>
A7110.	Parks					
.1	Personal Services	423,805	423,805	-	-	400,209
.4	Contractual Expenses	180,587	176,080	449	4,058	168,626
	Total Parks	<u>604,392</u>	<u>599,885</u>	<u>449</u>	<u>4,058</u>	<u>568,835</u>
A7140.	Playground and Recreation Centers					
.1	Personal Services	128,652	127,896	-	756	125,214
.2	Equipment	5,000	3,740	-	1,260	5,030
.4	Contractual Expenses	41,500	37,039	-	4,461	40,722
	Total Playground and Recreation Centers	<u>175,152</u>	<u>168,675</u>	<u>-</u>	<u>6,477</u>	<u>170,966</u>
A7180.	Swimming Pools					
.1	Personal Services	55,500	55,500	-	-	51,146
.4	Contractual Expenses	34,250	32,263	-	1,987	25,589
	Total Swimming Pools	<u>89,750</u>	<u>87,763</u>	<u>-</u>	<u>1,987</u>	<u>76,735</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A7250.	Golf Course					
.1	Personal Services	\$ 457,895	\$ 457,895	\$ -	\$ -	\$ 430,238
.4	Contractual Expenses	<u>230,500</u>	<u>230,995</u>	<u>58</u>	<u>(553)</u>	<u>216,817</u>
	Total Golf Course	<u>688,395</u>	<u>688,890</u>	<u>58</u>	<u>(553)</u>	<u>647,055</u>
A7310.	Youth Activities or Agencies					
.1	Personal Services	88,843	74,288	-	14,555	78,077
.4	Contractual Expenses	<u>64,578</u>	<u>49,412</u>	<u>-</u>	<u>15,166</u>	<u>37,798</u>
	Total Youth Activities or Agencies	<u>153,421</u>	<u>123,700</u>	<u>-</u>	<u>29,721</u>	<u>115,875</u>
	Total Culture and Recreation	<u>1,900,877</u>	<u>1,859,048</u>	<u>507</u>	<u>41,322</u>	<u>1,756,045</u>
	Home and Community Services					
A8010.	Zoning Board of Appeals					
.1	Personal Services	<u>5,220</u>	<u>4,858</u>	<u>-</u>	<u>362</u>	<u>5,290</u>
A8020.	Planning Commission					
.1	Personal Services	149,526	121,426	-	28,100	-
.4	Contractual Expenses	<u>34,275</u>	<u>74,542</u>	<u>-</u>	<u>(40,267)</u>	<u>171,702</u>
	Total Planning Commission	<u>183,801</u>	<u>195,968</u>	<u>-</u>	<u>(12,167)</u>	<u>171,702</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
A8160.	Garbage/Waste Collection					
.1	Personal Services	\$ 708,170	\$ 659,978	\$ -	\$ 48,192	\$ 685,820
.4	Contractual Expenses	649,758	606,511	43,247	-	620,532
	Total Garbage/Waste Collection	<u>1,357,928</u>	<u>1,266,489</u>	<u>43,247</u>	<u>48,192</u>	<u>1,306,352</u>
A8760.	Emergency Disaster Work					
.4	Contractual Expenses	-	-	-	-	1,273,875
	Total Home and Community Services	<u>1,546,949</u>	<u>1,467,315</u>	<u>43,247</u>	<u>36,387</u>	<u>2,757,219</u>
	Undistributed Employee Benefits					
A9010.	State Retirement	620,000	624,596	-	(4,596)	660,948
A9015.	Fire and Police Retirement	1,390,000	1,397,540	-	(7,540)	1,309,827
A9030.	Social Security	1,055,000	1,053,919	-	1,081	1,023,600
A9040.	Workers' Compensation	946,000	941,237	-	4,763	780,704
A9045.	Life Insurance	25,000	21,197	-	3,803	21,360
A9050.	Unemployment Insurance	31,000	227	30,000	773	20,978
A9060.	Hospital and Medical Insurance	3,498,111	3,492,936	5,174	1	3,139,362
	Total Employee Benefits	<u>7,565,111</u>	<u>7,531,652</u>	<u>35,174</u>	<u>(1,715)</u>	<u>6,956,779</u>
	Debt Service - Principal					
A9710.6	Principal on Serial Bonds	2,067,500	2,068,000	-	(500)	1,762,750
	Total Debt Service - Principal	<u>2,067,500</u>	<u>2,068,000</u>	<u>-</u>	<u>(500)</u>	<u>1,762,750</u>

CITY OF NORTH TONAWANDA, NEW YORK

GENERAL FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	Debt Service - Interest					
A9710.7	Interest on Serial Bonds	\$ 510,651	\$ 509,622	\$ -	\$ 1,029	\$ 450,638
A9760.7	Interest on Tax Anticipation Notes	44,162	43,661	-	501	64,556
A9770.7	Interest on Revenue Anticipation Notes	5,838	-	-	5,838	18,625
	Total Debt Service - Interest	<u>560,651</u>	<u>553,283</u>	<u>-</u>	<u>7,368</u>	<u>533,819</u>
	Transfers To Other Funds					
A9901.0	Transfer to Sewer Fund	55,000	55,000	-	-	300,000
A9902.0	Transfer to Capital - Golf	125,000	125,000	-	-	81,401
		<u>180,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>381,401</u>
	Total Undistributed	<u>10,373,262</u>	<u>10,332,935</u>	<u>35,174</u>	<u>5,153</u>	<u>9,634,749</u>
	TOTAL GENERAL FUND EXPENDITURES	<u>\$ 31,186,690</u>	<u>\$ 30,691,255</u>	<u>\$ 323,047</u>	<u>\$ 172,388</u>	<u>\$ 30,360,118</u>

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

Combining Balance Sheet
December 31, 2008

	<u>Special</u>			<u>Totals Memorandum Only</u>	
	<u>Grant</u>	<u>Sewer</u>	<u>Water</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 780,843	\$ 288,748	\$ 325,510	\$ 1,395,101	\$ 1,604,839
Receivables:					
Water Rents			505,726	505,726	480,373
Sewer Rents		792,503		792,503	747,628
Accounts	173,525			173,525	189,587
Loans	20,953			20,953	34,612
State and Federal Aid	427,680			427,680	1,005,505
Due from Other Funds				-	166,953
Prepaid Expenses	-	40,400	29,178	69,578	71,882
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,403,001</u>	<u>\$ 1,121,651</u>	<u>\$ 860,414</u>	<u>\$ 3,385,066</u>	<u>\$ 4,301,379</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts Payable	\$ 4,289	\$ 120,977	\$ 72,421	\$ 197,687	\$ 235,116
Accrued Liabilities		45,875	36,612	82,487	53,868
FSS Escrow - PHA	74,928			74,928	
Due to Other Funds		900,000	565,000	1,465,000	1,416,953
Due to Other Governments	419,058			419,058	769,309
Deferred Revenue	619,010	1,701		620,711	1,339,898
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,117,285</u>	<u>1,068,553</u>	<u>674,033</u>	<u>2,859,871</u>	<u>3,815,144</u>
Fund Equity:					
Fund Balance:					
Reserved for Encumbrances		37,303	19,186	56,489	35,681
Reserved for Retirement		40,400	29,178	69,578	71,882
Unreserved:					
Undesignated	285,716	(24,605)	138,017	399,128	378,672
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Equity	<u>285,716</u>	<u>53,098</u>	<u>186,381</u>	<u>525,195</u>	<u>486,235</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Equity	<u>\$ 1,403,001</u>	<u>\$ 1,121,651</u>	<u>\$ 860,414</u>	<u>\$ 3,385,066</u>	<u>\$ 4,301,379</u>

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL REVENUE FUND TYPES

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2008

	<u>Special Grant Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals Memorandum Only December 31, 2008</u>	<u>December 31, 2007</u>
Revenues:					
Departmental Income	\$ 100,359	\$ 4,249,996	\$ 2,757,347	\$ 7,107,702	\$ 6,856,360
Use of Money and Property	4,937	9,334	38,394	52,665	46,025
Sale of Property and Compensation for Loss		7,810	12,495	20,305	10,893
Miscellaneous	98,972	6	997	99,975	75
State Aid			70,030	70,030	9,660
Federal Aid	<u>3,508,747</u>	-	-	<u>3,508,747</u>	<u>3,798,071</u>
Total Revenues	<u>3,713,015</u>	<u>4,267,146</u>	<u>2,879,263</u>	<u>10,859,424</u>	<u>10,721,084</u>
Expenditures:					
Current:					
General Governmental Support		22,166	3,850	26,016	75,551
Home and Community Services	3,686,720	3,232,647	1,989,891	8,909,258	9,216,875
Employee Benefits		800,972	560,771	1,361,743	1,233,726
Debt Service - Principal		245,700	186,800	432,500	528,250
Debt Service - Interest		97,087	48,860	145,947	169,470
Total Expenditures	<u>3,686,720</u>	<u>4,398,572</u>	<u>2,790,172</u>	<u>10,875,464</u>	<u>11,223,872</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>26,295</u>	<u>(131,426)</u>	<u>89,091</u>	<u>(16,040)</u>	<u>(502,788)</u>
Other Sources and (Uses):					
Transfer from Other Funds		55,000		55,000	300,000
Transfer to Other Funds	-	-	-	-	-
Total Other Sources and (Uses)	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>300,000</u>
Net Change in Fund Balances	26,295	(76,426)	89,091	38,960	(202,788)
Fund Balances at Beginning of Year	<u>259,421</u>	<u>129,524</u>	<u>97,290</u>	<u>486,235</u>	<u>689,023</u>
Fund Balances at End of Year	<u>\$ 285,716</u>	<u>\$ 53,098</u>	<u>\$ 186,381</u>	<u>\$ 525,195</u>	<u>\$ 486,235</u>

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed Revenues

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>2008 Actual</u>	<u>2007 Actual</u>
Departmental Income			
CD8672.	Economic Development Loan	\$ 27,299	\$ -
CD8673.	Action Grant Loan Repayments	-	168,811
CD8674.	HOME Rehabilitation Program	12,219	31,202
CD8675.	HOME Loan	60,841	-
	Total Departmental Income	<u>100,359</u>	<u>200,013</u>
Use of Money and Property			
CD2401.	Interest and Earnings	<u>4,937</u>	<u>8,127</u>
Miscellaneous			
CD2701.	Refund of Prior Year Expenditures	18,500	-
CD2770.	Unclassified	<u>80,472</u>	<u>-</u>
	Total Miscellaneous	<u>98,972</u>	<u>-</u>
Federal Aid			
CD4911.	HUD Section 8	2,530,191	2,761,793
CD4912.	Bishop Gibbons Section 8	58,783	630,643
CD4921.	2004 GOSC Housing Public Facilities	-	4,566
CD4921.	1998 CDBG Home Improvement Program	-	12,449
CD4921.	2005 GOSC Economic Development	-	21,074
CD4921.	2006 CDBG Small Cities Comprehensive Grant	834,110	367,546
CD4927	HOME Program	<u>85,663</u>	<u>-</u>
	Total Federal Aid	<u>3,508,747</u>	<u>3,798,071</u>
TOTAL SPECIAL GRANT FUND REVENUES		<u>\$ 3,713,015</u>	<u>\$ 4,006,211</u>

CITY OF NORTH TONAWANDA, NEW YORK

SPECIAL GRANT FUND

Statement of Detailed Expenditures
For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>2008 Actual</u>	<u>2007 Actual</u>
	Home and Community Services		
CD8672.	Rent Assistance Program		
.4	Contractual Expenses	\$ 2,585,191	\$ 3,370,459
CD8684.	Downtown Strategic Plan		
.4	Contractual Expenses	-	168,752
CD8686.	Administrative		
.4	Contractual Expenses	63,407	226,702
CD8668.	Rehabilitation Loans and Grants		
.4	Contractual Expenses	1,038,122	547,706
TOTAL SPECIAL GRANT FUND EXPENDITURES		\$ 3,686,720	\$ 4,313,619

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

Statement of Detailed Revenues, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Departmental Income				
G2120.	Sewer Rents	\$ 4,485,000	\$ 4,118,280	\$ (366,720)	\$ 3,883,843
G2122.	Sewer Service Charges	58,000	27,832	(30,168)	39,588
G2128.	Interest and Penalties - Sewer Rents	104,000	103,884	(116)	97,086
	Total Departmental Income	<u>4,647,000</u>	<u>4,249,996</u>	<u>- (397,004)</u>	<u>4,020,517</u>
	Use of Money and Property				
G2401.	Interest and Earnings	1,000	2,284	1,284	-
G2410.	Rental Property - Tower	-	7,050	7,050	-
	Total Use of Money and Property	<u>1,000</u>	<u>9,334</u>	<u>8,334</u>	<u>-</u>
	Sale of Property and Compensation for Loss				
G2680.	Insurance Recovery - Workers' Compensation	2,314	-	(2,314)	-
G2690.	Compensation/Loss	-	7,810	7,810	-
	Total Sale of Property and Compensation for Loss	<u>2,314</u>	<u>7,810</u>	<u>5,496</u>	<u>-</u>
G2701.	Miscellaneous Revenues				
	Refund of Prior Year Expenditures	-	6	6	75
	State Aid				
G3901.	State Aid	30,000	-	(30,000)	-
	Interfund Transfers				
G2811.	Transfer from General Fund	-	55,000	55,000	300,000
	TOTAL SEWER FUND REVENUES	<u>\$ 4,680,314</u>	<u>\$ 4,322,146</u>	<u>\$ (358,168)</u>	<u>\$ 4,320,592</u>

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	General Government Support					
	Special Items					
G1910.4	Unallocated Insurance	\$ 40,000	\$ 18,741	\$ 21,258	\$ 1	\$ 40,000
G1920.1	Hospitalization Waiver	4,500	1,925		2,575	1,925
G1930.4	Judgments and Claims	<u>5,000</u>	<u>1,500</u>	<u>-</u>	<u>3,500</u>	<u>8,275</u>
	Total General Government Support	<u>49,500</u>	<u>22,166</u>	<u>21,258</u>	<u>6,076</u>	<u>50,200</u>
G8120.	Sanitary Sewers					
.1	Personal Services	369,021	353,619		15,402	377,528
.4	Contractual Expenses	<u>132,663</u>	<u>119,316</u>	<u>7,557</u>	<u>5,790</u>	<u>129,500</u>
	Total Sanitary Sewers	<u>501,684</u>	<u>472,935</u>	<u>7,557</u>	<u>21,192</u>	<u>507,028</u>

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
G8130	Sewage Treatment					
.1	Personal Services	\$ 1,327,123	\$ 1,327,123	\$ -	\$ -	\$ 1,248,758
.2	Equipment	25,040	25,021		19	20,157
.4	Contractual Expenses	<u>1,390,696</u>	<u>1,407,568</u>	<u>8,488</u>	<u>(25,360)</u>	<u>1,264,937</u>
	Total Sewage Treatment	<u>2,742,859</u>	<u>2,759,712</u>	<u>8,488</u>	<u>(25,341)</u>	<u>2,533,852</u>
	Total Home and Community Services	<u>3,244,543</u>	<u>3,232,647</u>	<u>16,045</u>	<u>(4,149)</u>	<u>3,040,880</u>
	Undistributed Employee Benefits					
G9010.8	State Retirement	190,000	162,938		27,062	165,994
G9030.8	Social Security	150,000	123,081		26,919	125,532
G9040.8	Workers' Compensation	140,000	112,762		27,238	92,875
G9045.8	Life Insurance	3,000	1,566		1,434	1,540
G9060.8	Hospital and Medical Insurance	<u>435,000</u>	<u>400,625</u>	<u>-</u>	<u>34,375</u>	<u>342,362</u>
	Total Employee Benefits	<u>918,000</u>	<u>800,972</u>	<u>-</u>	<u>117,028</u>	<u>728,303</u>
	Debt Service - Principal					
G9710.6	Principal on Serial Bonds	253,683	245,700		7,983	326,450
G9730.6	Principal of Bond Anticipation Notes	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
	Total Debt Service - Principal	<u>278,683</u>	<u>245,700</u>	<u>-</u>	<u>32,983</u>	<u>326,450</u>

CITY OF NORTH TONAWANDA, NEW YORK

SEWER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	Debt Service - Interest					
G9710.7	Interest on Serial Bonds	\$ 179,588	\$ 97,087	\$ -	\$ 82,501	\$ 107,551
G9730.7	Interest on Bond Anticipation Notes	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
	Total Debt Service - Interest	<u>189,588</u>	<u>97,087</u>	<u>-</u>	<u>92,501</u>	<u>107,551</u>
	Total Undistributed	<u>1,386,271</u>	<u>1,143,759</u>	<u>-</u>	<u>242,512</u>	<u>1,162,304</u>
	TOTAL SEWER FUND EXPENDITURES	<u><u>\$ 4,680,314</u></u>	<u><u>\$ 4,398,572</u></u>	<u><u>\$ 37,303</u></u>	<u><u>\$ 244,439</u></u>	<u><u>\$ 4,253,384</u></u>

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>2007 Actual</u>
	Departmental Income				
F2140	Metered Water Sales	\$ 2,770,000	\$ 2,674,051	\$ (95,949)	\$ 2,554,766
F2142	Unmetered Water Sales	2,600		(2,600)	
F2144	Water Service Sales	25,000	17,063	(7,937)	18,337
F2148	Interest Penalties on Water Rents	71,267	66,233	(5,034)	62,727
	Total Departmental Income	<u>2,868,867</u>	<u>2,757,347</u>	<u>(111,520)</u>	<u>2,635,830</u>
	Use of Money and Property				
F2401	Interest and Earnings	1,000	2,514	1,514	4,544
F2410	Rental Property	31,200	35,880	4,680	33,354
	Total Use of Money and Property	<u>32,200</u>	<u>38,394</u>	<u>6,194</u>	<u>37,898</u>
	Sale of Property and Compensation for Loss				
F2665	Minor Sales		660	660	825
F2680	Sale of Equipment	2,000		(2,000)	
F2690	Other Compensation for Loss	2,177	11,835	9,658	10,068
	Total Sale of Property and Compensation for Loss	<u>4,177</u>	<u>12,495</u>	<u>8,318</u>	<u>10,893</u>
	Miscellaneous Local Sources				
F2701	Refund of Prior Years' Expenditures	-	997	997	-
	State Aid				
F3901	NYSERDA	-	70,030	70,030	9,660
	TOTAL WATER FUND REVENUES	<u>\$ 2,905,244</u>	<u>\$ 2,879,263</u>	<u>\$ (25,981)</u>	<u>\$ 2,694,281</u>

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	General Government Support					
	Special Items					
F1910.4	Unallocated Insurance	\$ 17,500	\$ -	\$ 17,500	\$ (17,500)	\$ 17,500
F1920.1	Hospitalization Waiver	9,000	3,850		(5,150)	5,775
F1930.4	Judgments and Claims	10,000	-	-	(10,000)	2,076
	Total General Government Support	<u>36,500</u>	<u>3,850</u>	<u>17,500</u>	<u>15,150</u>	<u>25,351</u>
	Home and Community Services					
	Water Administration					
F8310						
.1	Personal Services	231,962	231,962		-	251,494
.2	Equipment	500	407		(93)	500
.4	Contractual Expenses	51,821	52,653		832	50,637
	Total Water Administration	<u>284,283</u>	<u>285,022</u>	<u>-</u>	<u>(739)</u>	<u>302,631</u>
F8320						
	Source and Supply, Power and Pumping					
.1	Personal Services	352,032	352,032		-	296,775
.2	Equipment	25,000	23,345		1,655	31,268
.4	Contractual Expenses	289,231	289,231		-	258,329
	Total Source and Supply, Power and Pumping	<u>666,263</u>	<u>664,608</u>	<u>-</u>	<u>1,655</u>	<u>586,372</u>

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

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

For the Year Ended December 31, 2008

With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
F8330.	Purification					
.1	Personal Services	\$ 352,032	\$ 352,032	\$ -	\$ -	\$ 296,775
.2	Equipment	8,220	7,470	736	14	15,218
.4	Contractual Expenses	88,788	95,911	950	(8,073)	100,296
	Total Purification	<u>449,040</u>	<u>455,413</u>	<u>1,686</u>	<u>(8,059)</u>	<u>412,289</u>
F8340.	Transmission and Distribution					
.1	Personal Services	426,950	426,950		-	429,168
.2	Equipment	46,145	46,118		27	39,439
.4	Contractual Expenses	113,460	111,780	-	1,680	92,477
	Total Transmission and Distribution	<u>586,555</u>	<u>584,848</u>	<u>-</u>	<u>1,707</u>	<u>561,084</u>
	Total Home and Community Services	<u>1,986,141</u>	<u>1,989,891</u>	<u>1,686</u>	<u>(5,436)</u>	<u>1,862,376</u>
	Undistributed Employee Benefits					
F9010.8	State Retirement	138,942	117,677		21,265	123,567
F9030.8	Social Security	120,000	105,320		14,680	96,314
F9040.8	Workers' Compensation	100,000	78,933		21,067	65,012
F9045.8	Life Insurance	3,000	1,610		1,390	1,518
F9060.8	Hospital and Medical Insurance	285,000	257,231	-	27,769	219,012
	Total Employee Benefits	<u>646,942</u>	<u>560,771</u>	<u>-</u>	<u>86,171</u>	<u>505,423</u>

CITY OF NORTH TONAWANDA, NEW YORK

WATER FUND

Statement of Detailed Expenditures, Compared to Budget (Non-GAAP Basis of Budgeting)
For the Year Ended December 31, 2008
With Comparative Actual Amounts for the Year Ended December 31, 2007

<u>Account Number</u>	<u>Account Name</u>	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>	<u>2007 Actual</u>
	Debt Service - Principal					
F9710.6	Principal on Serial Bonds	\$ 186,800	\$ 186,800	\$ -	\$ -	\$ 201,800
F9730.6	Principal of Bond Anticipation Notes	-	-	-	-	-
	Total Debt Service - Principal	<u>186,800</u>	<u>186,800</u>	<u>-</u>	<u>-</u>	<u>201,800</u>
	Debt Service - Interest					
F9710.7	Interest on Serial Bonds	48,861	48,860		1	61,919
F9730.7	Interest on Bond Anticipation Notes	-	-		-	-
	Total Debt Service - Interest	<u>48,861</u>	<u>48,860</u>	<u>-</u>	<u>1</u>	<u>61,919</u>
	Total Undistributed	<u>882,603</u>	<u>796,431</u>	<u>-</u>	<u>86,172</u>	<u>769,142</u>
	TOTAL WATER FUND EXPENDITURES	<u>\$ 2,905,244</u>	<u>\$ 2,790,172</u>	<u>\$ 19,186</u>	<u>\$ 95,886</u>	<u>\$ 2,656,869</u>

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

**Combining Balance Sheet by Project
December 31, 2008**

Project Number	Project Description	Cash	Due from Other Funds	Retained Percentages	Due to Other Funds	BAN Pavable	Deferred Revenues	Other Liabilities	Unappropriated Fund Balance	Total Liabilities & Fund Balances
General Improvements:										
H-10	Entrance Roof PG Tank '96	\$ 221,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,169	\$ 221,169
H-76	Erie Avenue Renovation	44,403							44,403	44,403
H-95	Sherwood San Lift '95	313,594							313,594	313,594
H-104	Roblin Steel Remediation Site '0	461,219							461,219	461,219
H-201	Tank Reno-Riverwalk '02	(353,442)							(353,442)	(353,442)
H-202	Golf/Dock/City Hall '02	(190,900)		18,475					(209,375)	(190,900)
H-401	Riverwalk/Docks/HVAC '04	(182,917)		1,815					(184,732)	(182,917)
H-404	Rec Tennis/Skid/Golf '04	81,917							81,917	81,917
H-501	Canal Lighting/Pool '05	(47,732)							(47,732)	(47,732)
H-508	Grants Project '05	(74,579)							(74,579)	(74,579)
H-601	Meadow Drive Ext '06	401,282							401,282	401,282
H-602	City Hall Alarm/Data '06	73,515							73,515	73,515
H-603	Police/Fire Car/Reno '06	3,825							3,825	3,825
H-604	DPW Fleet/Wash Sys '06	196,544							196,544	196,544
H-701	Durkey Bridge '07	134,372							134,372	134,372
H-703	Chambers/Gateway '07	284,547							284,547	284,547
H-708	Recreation Grants '07	(116,795)							(116,795)	(116,795)
H-709	Main Street Scape '07	43,896		13,496					30,400	43,896
H-802	Police Cars 2 '08					57,000			(57,000)	-
H-803	DPW Wash/Clair/Bins '08	512,247		15,000		803,000			(305,753)	512,247
H-804	Park Roof/Golf Garage '08					125,000			(125,000)	-
H-805	Water/Payne/Plant '08	237,840		19,143		817,000			(598,303)	237,840
H-808	Keller Building Roof '08	250,000				250,000			-	250,000
H-809	Playground '08	(24,568)							(24,568)	(24,568)
H-810	Gratwick Greenway '08	(37,301)							(37,301)	(37,301)

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

**Combining Balance Sheet by Project
December 31, 2008**

Project Number	Project Description	Cash	Due from Other Funds	Retained Percentages	Due to Other Funds	BAN Pavable	Deferred Revenues	Other Liabilities	Unappropriated Fund Balance	Total Liabilities & Fund Balances
Paving and Curbs:										
H-82-1	CHIPS Highway Resurfacing	\$ 93,943	\$ -	\$ -	\$ 165,816	\$ -	\$ -	\$ -	\$ (71,873)	\$ 93,943
Sanitary Sewers:										
H-608	Sewer Capital '06	63,944							63,944	63,944
H-707	WWTP Carbon/Pump '07	22,972							22,972	22,972
H-807	WWTP/Carbon '08	20,000				218,000			(198,000)	20,000
H-903	Marcia-Sweeney San/Ext '08	125,000							125,000	125,000
Storm Sewer:										
H-902	Ward Road Storm '99	182,002							182,002	182,002
Water Lines:										
H-405	Warner Ave Water Main '04	(155,099)	-	-	-	-	-	-	(155,099)	(155,099)
Totals		\$ 2,584,898	\$ -	\$ 67,929	\$ 165,816	\$ 2,270,000	\$ -	\$ -	\$ 81,153	\$ 2,584,898

CITY OF NORTH TONAWANDA, NEW YORK

CAPITAL PROJECTS FUNDS

Statement of Expenditures and Appropriations by Project - Capital Projects Fund
December 31, 2008

<u>Project Number</u>	<u>Project Description</u>	<u>Original Appropriations</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Remaining Appropriation</u>
General Improvements:							
H-10	Entrance Roof PG Tank '96	\$ 170,000	\$ 670,000	\$ 112,157	\$ 9,290	\$ 121,447	\$ 548,553
H-76	Erie Avenue Renovation	789,000	1,089,000	71,301	5,863	77,164	1,011,836
H-104	Roblin Steel Remediation Site '01	3,176,000	3,176,000	25,879	-	25,879	3,150,121
H-201	Tank Reno-Riverwalk '02	100,000	500,000	59,199	116,810	176,009	323,991
H-202	Golf/Dock/City Hall '02	420,000	720,000	419,923	209,834	629,757	90,243
H-401	Riverwalk/Docks/HVAC '04	1,948,092	1,948,092	194,151	535,170	729,321	1,218,771
H-404	Rec Tennis/Skid/Golf '04	76,000	76,000	-	-	-	76,000
H-405	Water Plant/Warner/RS '04	1,330,000	1,330,000	-	-	-	1,330,000
H-501	Canal Lighting/Pool '05	642,000	642,000	187,669	440	188,109	453,891
H-507	Briarwood Subdivision '05	350,000	710,000	355,210	12,070	367,280	342,720
H-508	Grants Project '05	155,000	155,000	72,262	-	72,262	82,738
H-601	Meadow Drive Ext '06	3,700,000	3,700,000	-	98,718	98,718	3,601,282
H-602	City Hall Alarm/Data '06	172,000	172,000	13,840	84,646	98,486	73,514
H-603	Police/Fire Car/Reno '06	318,000	318,000	388,762	42,926	431,688	(113,688)
H-604	DPW Fleet/Wash Sys '06	1,390,000	1,390,000	1,133,456	60,000	1,193,456	196,544
H-607	Water Roof Scada '06	155,000	155,000	305,000	105,121	410,121	(255,121)
H-701	Durkey Bridge '07	1,500,000	1,500,000	76,146	9,481	85,627	1,414,373
H-703	Chambers/Gateway '07	453,000	453,000	18,055	82,898	100,953	352,047
H-704	Kingston Reconstruction '07	205,000	205,000	177,040	27,960	205,000	-
H-705	Police/Fire/Parks '07	1,142,000	1,142,000	191,807	966,392	1,158,199	(16,199)
H-708	Recreation Grants '07	119,000	119,000	43,423	73,372	116,795	2,205
H-709	Main Street Scape '07	200,000	329,900	-	299,500	299,500	30,400
H-802	Police Cars 2 '08	57,000	57,000	-	57,000	57,000	-
H-803	Police Comm/Range '00	183,000	840,000	(1,948)	312,829	310,881	529,119
H-804	Park Roof/Golf Garage '08	125,000	125,000	-	125,000	125,000	-

CITY OF NORTH TONAWANDA, NEW YORK

CAPITAL PROJECTS FUNDS

Statement of Expenditures and Appropriations by Project - Capital Projects Fund
December 31, 2008

<u>Project Number</u>	<u>Project Description</u>	<u>Original Appropriations</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Remaining Appropriation</u>
General Improvements (Cont.):							
H-805	Water/Payne/Plant '08	\$ 817,000	\$ 817,000	\$ -	\$ 598,303	\$ 598,303	\$ 218,697
H-806	Recreation Equipment '00	86,000	86,000	45,809	-	45,809	40,191
H-808	Keller Building Roof '08	250,000	250,000	-	-	-	250,000
H-809	Playground '08	105,000	105,000	-	24,568	24,568	80,432
H-810	Gratwick Greenway '08	255,000	255,000	-	37,301	37,301	217,699
R-	Gratwick Park	13,397,680	13,397,680	-	104,663	104,663	13,293,017
Paving and Curbs:							
H-82-1	CHIPS Highway Resurfacing	1,130,000	8,130,000	1,388,169	607,874	1,996,043	6,133,957
H-706	Street Resurfacing/Sig '07	282,000	282,000	144,489	55,511	200,000	82,000
Sanitary Sewers:							
H-95	Sherwood San Lift	300,000	675,000	-	46,615	46,615	628,385
H-605	Old Falls San Sewer '06	1,100,000	1,100,000	900,000	-	900,000	200,000
H-608	Sewer Capital '06	950,000	950,000	852,959	33,097	886,056	63,944
H-707	WWTP Carbon/Pump '07	250,000	250,000	121,907	-	121,907	128,093
H-807	WWTP Digester Carbon	218,000	218,000	-	198,000	198,000	20,000
H-903	Marcia-Sweeney San/Ext '08	125,000	125,000	-	-	-	125,000
Storm Sewer:							
H-81	Storm Sewer Renovation	505,000	505,000	115,847	-	115,847	389,153
H-902	Ward Road Storm '99	200,000	200,000	-	-	-	200,000
Water Lines:							
H-405	Water Plant/Warner/RS '04	1,330,000	1,330,000	7,726	-	7,726	1,322,274
H-505	Water System Upgrade '05	<u>305,000</u>	<u>305,000</u>	<u>205,091</u>	<u>-</u>	<u>205,091</u>	<u>99,909</u>
Totals		<u>\$ 40,355,772</u>	<u>\$ 50,377,672</u>	<u>\$ 7,625,329</u>	<u>\$ 4,941,252</u>	<u>\$ 12,441,581</u>	<u>\$ 37,936,091</u>

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of and for the year ended December 31, 2008, which collectively comprise the City of North Tonawanda, New York's basic financial statements and have issued our report thereon dated May 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

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

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

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

Compliance and Other Matters

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

We noted no matters that we reported to management of the City of North Tonawanda, New York, in a separate letter dated May 21, 2009.

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

**Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of North Tonawanda, New York with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City of North Tonawanda, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of North Tonawanda, New York's management. Our responsibility is to express an opinion on the City of North Tonawanda, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of North Tonawanda, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of North Tonawanda, New York's compliance with those requirements.

In our opinion, the City of North Tonawanda, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

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

**Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133 (Cont.)**

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Tonawanda, New York as of and for the year ended December 31, 2008, and have issued our report thereon dated May 21, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of North Tonawanda, New York's, basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Direct Programs:			
Community Development Block Grant:			
Economic Development (GOSC)	14.219	N/A	\$ 85,663
Small Cities Comprehensive Grant (CDBG)	14.219	N/A	<u>834,110</u>
			<u>919,773</u>
Pass-through Programs:			
Lower Income-Housing Assistance Program-Cluster:			
Section 8 Rental Voucher Program	14.855	N/A	<u>2,530,191</u>
			<u>2,530,191</u>
Section 8 Housing Voucher Program:			
Bishop Gibbons	14.871	N/A	<u>58,783</u>
Total U.S. Department of Housing and Urban Development			<u>3,508,747</u>
<u>Federal Emergency Management Agency:</u>			
Passed through New York State Department of Military and Naval Emergency:			
Emergency Management - State Aid and Local Assistance	83.554	N/A	<u>607,500</u>
Total Expenditures of Federal Awards			<u>\$ 4,116,247</u>

The accompanying notes are an integral part of this schedule. See Note 1 to the City of North Tonawanda, New York's Basic Financial Statements with Independent Auditor's Report for the Year Ended December 31, 2008 for the Summary of Significant Accounting Policies.

See Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

CITY OF NORTH TONAWANDA, NEW YORK

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of North Tonawanda, New York and is presented on the Modified Accrual Basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of North Tonawanda, New York provided no federal awards to subrecipients.

Note 3 - Program Income

Federal expenditures presented on the Schedule of Expenditures of Federal Awards do not include the expenditure of program income. None of the program income was expended under the Community Development Block Grants for the year ended December 31, 2008

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Findings and Questioned Costs
December 31, 2008

Section 1 - Summary of Auditor's Results:

Financial Statements:

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting

Material weaknesses identified? _____yes ___x___ no

Significant deficiencies identified that are not considered to be material weaknesses? _____yes ___x___ none reported

Noncompliance material to financial statements noted? _____yes ___x___ no

Federal Awards:

Internal Control Over Major Programs:

Material weaknesses identified? _____yes ___x___ no

Significant deficiencies identified that are not considered to be material weaknesses? _____yes ___x___ none reported

Type of Auditor's Report issued on Compliance for Major Programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____yes ___x___ no

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

14.855	Low Income Housing Assistance Program
14.219	Community Development Block Grant
83.534	Federal Emergency Management Assistant

CITY OF NORTH TONAWANDA, NEW YORK

Schedule of Findings and Questioned Costs
December 31, 2008

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

Identification of Major Programs (Cont.):

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

\$ 300,000

Auditee qualified as a low-risk auditee?

yes no

Section II - Financial Statement Findings:

As of and for the year ended December 31, 2008 the City of North Tonawanda, New York had no findings that were required to be reported in accordance with GAGAS.

Section III - Federal Award Findings and Questioned Costs:

As of and for the year ended December 31, 2008 the City of North Tonawanda, New York had no findings that were required to be reported in accordance with Section 510(a) of Circular A-133.

CITY OF NORTH TONAWANDA, NEW YORK

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

There were no audit findings included in the prior audit's schedule of findings and questioned costs relative to federal awards.

CITY OF NORTH TONAWANDA, NEW YORK

Corrective Action Plan
For the Year Ended December 31, 2008

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