



**CITY OF BATAVIA,  
NEW YORK**

**Comprehensive Annual  
Financial Report  
Year Ended March 31, 2016**

Prepared by  
Department of Finance

Jason Molino  
City Manager and Director of Finance

Lisa Neary  
Deputy Director of Finance

# **CITY OF BATAVIA, NEW YORK**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended March 31, 2016**

**Prepared by:**

**City of Batavia**

**Department of Finance**

**Jason Molino, City Manager and Director of Finance**

**Lisa Neary, Deputy Director of Finance**

**ANNUAL FINANCIAL REPORT**  
**Year Ended March 31, 2016**  
**TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Transmittal Letter.....	1
List of City Council Officials.....	13
Management Chart.....	14
Organization Units and Officials.....	15
 <b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT.....	17
REQUIRED SUPPLEMENTAL INFORMATION:	
Management Discussion and Analysis.....	19
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position.....	38
Statement of Activities.....	39
Balance Sheet - Governmental Funds.....	41
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	42
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	44
Statement of Net Position - Enterprise Funds.....	45
Statement of Revenues, Expenses and Changes in Fund Net Position - Enterprise Funds.....	46
Statement of Cash Flows - Proprietary Funds.....	47
Statement of Fiduciary Net Position - Fiduciary Funds.....	48
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	49
Notes to the Financial Statements.....	50
Schedule of Funding Progress for Retiree Health Plan.....	75
Budgetary Comparison Schedule for the General Fund.....	76
Schedule of the City's Proportionate Share of the Net Pension Liability Employees' and Police and Fire Retirement.....	77
Schedule of City's Contribution - Employees' and Police and Fire Retirement Systems Last 10 Fiscal Years.....	78
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	81

Continued

**STATISTICAL SECTION**

Net Position by Component - Last Ten Fiscal Years .....83

Changes in Net Position - Last Ten Fiscal Years .....84

Tax Revenues by Source - Last Ten Fiscal Years.....86

Fund Balances of Governmental Funds - Last Ten Fiscal Years .....87

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years .....88

General Governmental Tax Revenues by Source - Last Ten Fiscal Years .....89

Assessed and Taxable Assessed Value of Real Property - Last Ten Fiscal Years.....90

Property Tax Rates Per Thousand, Direct and Overlapping Governments - Last Ten Fiscal Years .....91

Principal Property Taxpayers - Current Fiscal Year and Nine Years Prior .....92

Property Tax Levies and Collections - Last Ten Fiscal Years.....93

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....94

Ratios of General Debt Bonded Outstanding - Last Ten Fiscal Years.....95

Direct and Overlapping Debt.....96

Legal Debt Margin Information - Last Ten Fiscal Years.....97

Demographic Economic Statistics - Last Ten Calendar Years .....99

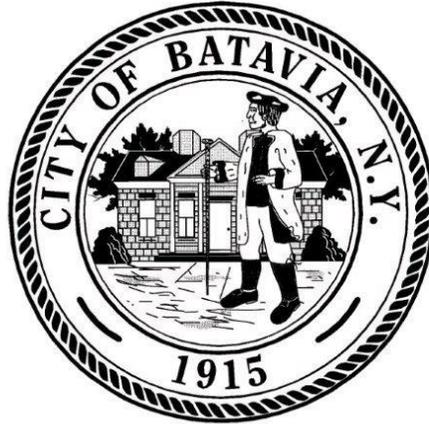
Principal Employers in the City of Batavia - Current Year and Nine Years Prior .....100

Full Time City Employees by Function - Last Ten Fiscal Years .....101

Operating Indicators by Function - Last Ten Fiscal Years .....102

Capital Asset Statistics by Function - Last Ten Fiscal Years.....103

# INTRODUCTORY SECTION





# City of Batavia

September 6, 2016

The City Council  
The City of Batavia, New York

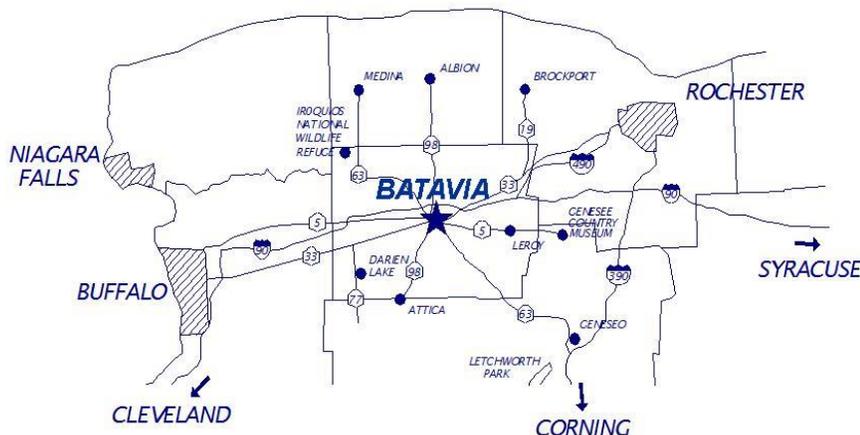
I am pleased to submit the Comprehensive Annual Financial Report of the City of Batavia for the fiscal year ended March 31, 2016. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Freed Maxick CPAs PC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Batavia’s financial statements for the year ended March 31, 2016. The independent auditor’s report is located at the front of the financial section of this report.

The Management Discussion and Analysis section (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The City of Batavia, the Genesee County seat, occupies a land area of 5.2 square miles with a population of 15,465 (2010 census). Batavia is centrally located in Western New York, midway between (approx. 30 miles) from the Cities of Rochester and Buffalo. Batavia is also the center of the Batavia/Genesee Micropolitan area with a population of 60,079. The City serves as the shopping, business and commercial center for the surrounding agricultural area of the Counties of Genesee, Wyoming and Orleans.



Office of the City Manager  
One Batavia City Centre  
Batavia, New York 14020

Phone: 585-345-6330  
Fax: 585-343-8182  
[www.batavianewyork.com](http://www.batavianewyork.com)

The City was incorporated in 1915 by the State as a separate political entity vested with independent taxing and debt authority. Governmental operations of the City are subject to the provisions of the State constitution, City Charter, and various statutes affecting a City operating under a charter form of government including the City Law, General Municipal Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Real Property Tax Law. The City Charter in its present form was adopted in 1957 and has been amended periodically.

The City operates under the Council-Manager form of government which was established by City Charter adoption in 1957. Under this form of government, the City Council is the legislative and policy-making body of the City, consisting of six council members elected by ward and three council members elected at large, with the Council President (an at-large Council member) serving as the presiding officer. The Council members are elected for 4-year terms. The Council meets twice a month to consider all matters brought to its attention by individual council members, the Council President and by the public. As such, the Council is responsible, among other things, for passing local laws, resolutions, adopting the budget and appointing committees. The Council appoints the City Manager, who serves as the Chief Executive Officer and the Director of Finance, Chief Fiscal Officer and enforces the city local laws and City Council policy as well as carries out all day-to-day operations. The City Manager, as the Director of Finance, is responsible for preparing the annual budget for City Council consideration.

The City provides a full range of municipal services, including police and fire protection, public works and inspection services, street lighting, maintenance of all streets and other infrastructure, snow removal, maintenance of over 60 acres of parks, water and waste water treatment facilities and conveyance, youth bureau services and general administration services. The City owns an ice arena and baseball stadium, but contracts their operations. Batavia also owns the largest lagoon wastewater plant east of the Mississippi River that provides wastewater treatment for the surrounding community and its industrial and manufacturing employers. The City employs 136 full-time employees.

## **HISTORY OF BATAVIA**

Batavia, located on the Tonawanda Creek at the former junction of two major Indian trails, was founded in 1801 by Joseph Ellicott, resident agent for the Holland Land Company. Four years earlier, the Holland Land Company had purchased 3.5 million acres including the current site of Batavia from Robert Morris, “Financier of the American Revolution,” who had acquired the land from the State of Massachusetts. The Seneca Nation, with the exception of reservations existing still today, in exchange for a payment of \$100,000 ceded its rights to this land in the 1797 Treaty of Big Tree.

The Holland Purchase extended from Lake Ontario to the Pennsylvania border and from Lake Erie to a few miles east of Batavia. Before 1797, with the exception of a relatively few Native American settlements populated mainly by Seneca Indians, the area was largely undeveloped. When Ellicott built his 1801 land office at Batavia and sold thousands of parcels carved from the former Indian land to pioneers principally from the eastern United States, the community became known as “the birthplace of western New York.” As Batavia grew, it first became incorporated as a village in 1823 and then as a city in 1915.

The original Indian trails became the routes of several state highways that were later joined by the New York State Thruway (I-90) in 1954. The first railroad reached Batavia from Rochester in 1836 and was followed by several other rail companies that made the city a railroad center. A modern airport with a 5500 ft. runway is located just north of the city. Over the years, many manufacturing concerns have been attracted to the community by virtue of its superior access to good transportation.

Batavia has been the county seat of Genesee County beginning with the latter's formation in 1802. Among its many attractions is the second Holland Land Office, now a museum, built in 1815 as a successor to Joseph Ellicott's first land office. Other historic structures are also located in Batavia including the 1841 Court House and the former Brisbane Mansion built in 1853.

In the mid 1990's, City leadership made the decision to take action on community and economic development. Several efforts were begun, and a Downtown Development Committee along with a Community Development Department was formed, and the County's Industrial Development Agency became more active. While the efforts of those organizations led to some successful development, over the next decade, the City would find itself in a dire financial situation forcing City leaders to maintain a laser focus on recovery. Economic development efforts grinded to a halt, the City's Community Development department was cut as the City focused on measures for survival. The City, like many organizations that choose to temper investment efforts in favor of cost-cutting measures, was unable to have comprehensive and consistent resources to impact growth. As a result, we saw property values within the City stagnant while those values in surrounding communities showed growth. Meanwhile, poverty had risen in the City. In summary, the City greatly reduced and in some cases eliminated the dollars, people, and time devoted to growth initiatives.

Over the last five years, as the financial picture showed slow signs of improvement, the City has moderately re-focused on growth, mainly through joint efforts with the Batavia Development Corporation (BDC). While there has been some progress in economic development, there needs to be a shift in our City leadership to an "all-in" unabashed support of growth and prosperity.

Today, the City finds itself in the middle of a unique window of opportunity. The City's largest employer, United Memorial Medical Center, realized a \$20 million expansion of its surgical wing and, after forming a regional partnership with Rochester Regional Health, is embarking on a new \$6.5 million cancer center. Our three largest manufacturing companies have invested more than \$25 million in people, technology and facilities just over the past three years, and the Genesee County Economic Development Center announced its first occupant to its STAMP project, which is bringing 1,000 new jobs to the county with over a \$700 million investment. There is a regional resurgence of wealth creation and job development, and we are well-poised to lead and infuse that energy into the rebirth of our own City.

## ACHIEVEMENTS

**One of the Healthiest Companies in America.** Batavia received national recognition as one of the Healthiest Companies in America by Interactive Health, a national leader known for its personalized wellness solutions. The City is one of 154 companies across the country being recognized for helping employees make significant and sometimes life-saving changes to improve their health. Batavia reached full participation with all its collective bargaining units in 2014 and currently realizes a 97% participation rate among all eligible employees and spouses. Participating City employees and their spouses are measured against an Interactive Health Index (IHI) designed to help members understand where they stand for future risk of coronary heart disease and diabetes. The index is composed of five modifiable risk factors: smoking, glucose, blood pressure, triglycerides and LDL cholesterol – all potential causes of serious health problems. Last year, 86 City employees and spouses were asked to improve scores related to the IHI, and one year later, 51 of those have improved scores, while 25 have remained the same and only 10 have regressed.

**GCEDC Partner of the Year Award.** On March 4, 2016 the City, the Batavia Development Corporation and the Town of Batavia received the Genesee County Economic Development Center (GCEDC) Partner of the Year Award. The City, Batavia Development Corporation (BDC) and Town continue to be tremendous advocates and partners in driving the economic growth that our community has experienced. From the shovel-ready parks in the town to the downtown BOA redevelopment sites in the core of the City, Genesee County's central commerce hub has grown at an amazing rate over the last decade. Investors and developers recognize this success and have been investing millions.

**GFOA Distinguished Budget Presentation Award.** 2015 was the first year the City received the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award for the City budget. This award reflects the commitment of the City Council and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well the City's budget serves as a policy document, a financial plan, an operations guide, and a communications device. Batavia is one of only three cities in the State of New York to achieve this award.

**NYCOM Local Government Achievement Award.** On May 2, 2015, the New York Conference of Mayor's (NYCOM) recognized the City of Batavia with a Local Government Achievement Award for its Water and Wastewater Infrastructure Renewal and Rate Plan that was developed and adopted by City Council. Batavia was one of four cities and three villages within New York State to receive awards from NYCOM that demonstrate a significant and innovative project that has improved the quality of life within a community or demonstrates shared services and increasing government efficiency. The City Council adopted the proposed Water and Wastewater Infrastructure Renewal and Rate Plan with this year's budget. The Plan calls for \$22 million of capital improvements to the City's water and wastewater plants and systems while projecting an additional per user cost of one dollar a month.

**2014 ICMA Strategic Leadership & Governance Program Excellence Award.** In September 2014, the International City/County Management Association (ICMA) selected the City of Batavia's Strategic Business Plan as a recipient of the 2014 ICMA Strategic Leadership & Governance Program Excellence Award. The ICMA Strategic Leadership & Governance Program Excellence Awards recognizes the innovative and successful local government programs or processes that have significantly affected a local government organization's culture or strategic direction.

## **STATE OF THE ECONOMY**

**Positives.** Over the past 10 years, the City has managed to replace nearly \$3 million of antiquated equipment, grow fund balance by over \$8 million, and develop and implement a \$22 million water and sewer capital plan. In addition, the City's strategic and capital planning has been recognized across the State and the Country. Despite the City's financial fallout in 2006 and the Great Recession shortly thereafter, passionate past City Council's and City staff persevered in their commitment to providing the citizenry the best possible service. Their dedicated efforts helped the City establish its identity as good stewards of public resources, engendering a sense of public trust and confidence.

In 2015 the local economy showed signs of moderate growth with lower than average unemployment rates and improved housing sales. According to the New York State Department of Labor, Genesee County's unemployment fell from 4.6% to 4.2% from October 2014 to October 2015, and it continues to remain below New York State's unemployment rate of 4.8% and the Nation's of 5.0%. This was also

coupled with New York State's private sector job count hitting an all-time high. Generally speaking, low unemployment rates are positive indicators of economic performance for the region, and declining unemployment is a sign that the economy is growing.

In addition, the housing market has shown optimistic signs that homeownership is on the rise. The year 2015 had a total of 122 single family home sales which was a significant increase over 80 sales in 2013.

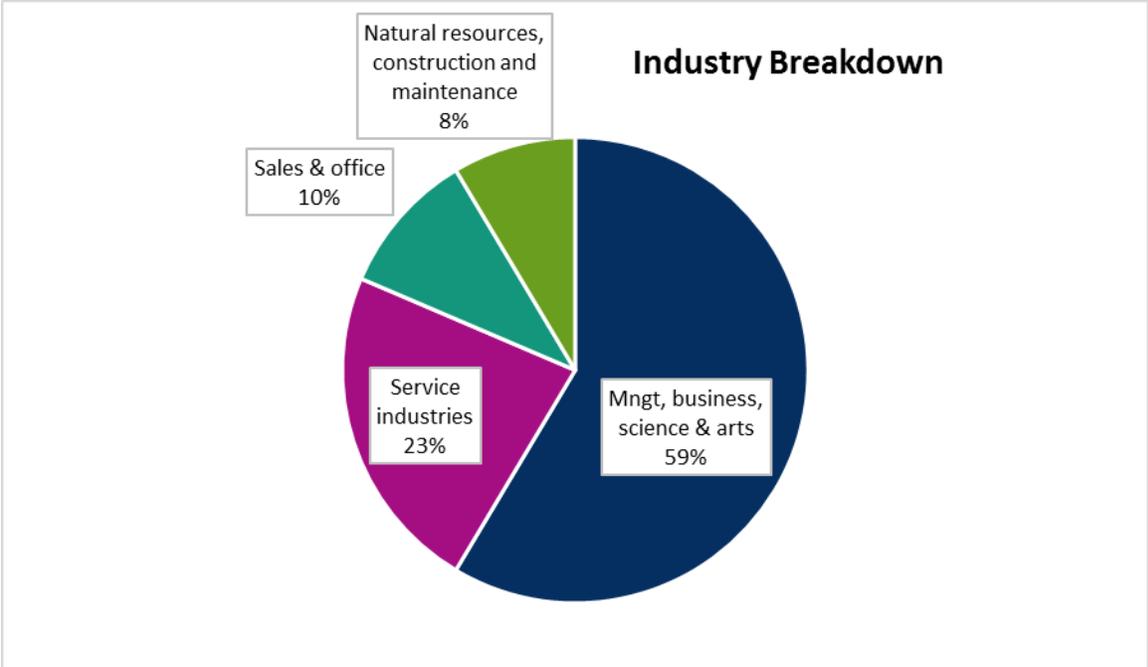
**Negatives.** An influencing factor in the local economy that impacts the City's budget is retail gas prices. Retail gas prices make up approximately 18-20% of the City's sales tax receipts. Sales tax is the City's largest general fund revenue equaling about 39% of City's general fund revenue. Since mid-2014 retail gas prices have plummeted to pre-2009 levels. As a result, the City (and the county) has experienced a slowdown in sales tax growth over the past several quarters. Anticipating this slow down, the City budgeted for lower growth in sales tax for the current year (2015/16). Unfortunately, retail gas projections into 2016 are expected to trend downward. As of November 25, 2015 the U.S. Energy Information Administration projected record low retail gas prices in 2016. The U.S. gasoline retail price, which averaged \$3.36/gal in 2014, was projected to average \$2.43/gal in 2015 and \$2.33/gal in 2016. When considering the forecast of declining retail gas sales, the current year's sales tax receipts are at risk of not making budget.

Up until 2013, the City had enjoyed a 4-6% annual growth in sales tax. Many other factors contributed to that steady growth, such as the construction of two yogurt plants in the county, the expansion and in-fill of large retailers in the town and growing retail gas prices. In contrast, when average retail gas prices declined more than 30% in 12 months, the City's largest revenue source was negatively impacted.

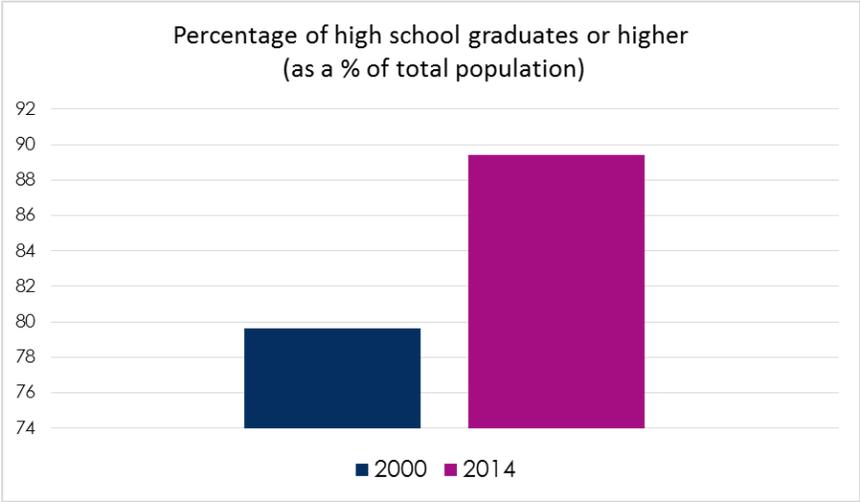
**People.** All of the counties in the western half of this region had a decrease in population between 2000 and 2010, and Batavia’s population has decreased 7.3% since the year 2000. The following table shows population, median household income and per capital income trends in Batavia, Genesee County, New York State and the Nation over the last three decades.

<b>Population</b>				
<u>Year</u>	<u>City of Batavia</u>	<u>Genesee County</u>	<u>New York State</u>	<u>United States</u>
1990	16,310	60,060	17,990,455	249,632,692
2000	16,256	60,379	18,976,457	281,421,902
2010	15,465	60,079	19,378,102	308,745,538
<b>Median Household Income</b>				
<u>Year</u>	<u>City of Batavia</u>	<u>Genesee County</u>	<u>New York State</u>	<u>United States</u>
1990	\$26,606	\$30,955	\$32,965	\$30,056
2000	\$33,484	\$40,542	\$43,393	\$41,994
2010	\$38,011	\$51,734	\$57,683	\$53,046
<b>Per Capita Income</b>				
<u>Year</u>	<u>City of Batavia</u>	<u>Genesee County</u>	<u>New York State</u>	<u>United States</u>
1990	\$12,403	\$12,705	\$16,501	\$14,420
2000	\$17,737	\$18,498	\$23,389	\$21,587
2010	\$21,691	\$25,355	\$32,104	\$28,051
Source: US Census Bureau, American Community Survey				

**Labor Force.** The City’s workforce is mainly comprised of service, government and medical occupations. Batavia is also an employment center for the county and the surrounding region. With 9,269 jobs in the City, 7,004 of those jobs are filled by those coming into the City or the County with a smaller percentage of those coming from surrounding counties. Residents fill the remaining 2,265 jobs. 4,514 commute out of the City for work with 50% of those employed in jobs within Genesee County and the other half split between bordering Erie and Monroe Counties.



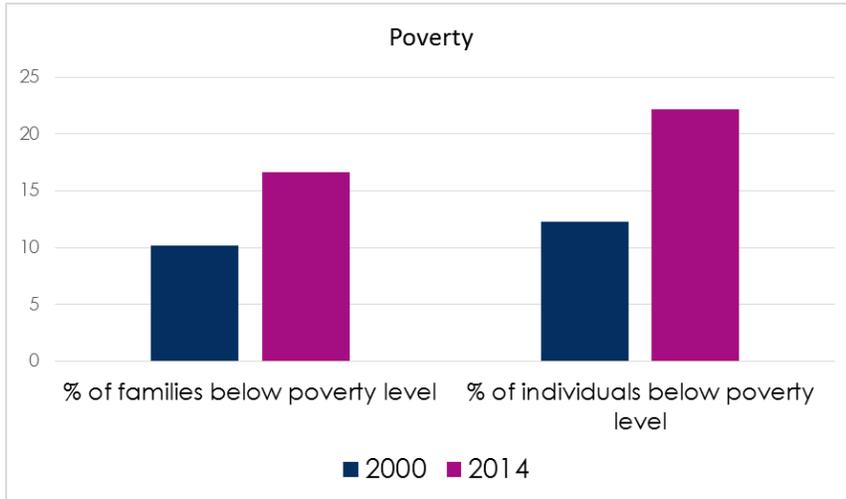
**Education.** Batavians are becoming better educated at all levels. While high school graduate percentages rose 10%, between 2000 and 2014, the percentage of the population earning college degrees also rose 3% over the same time frame.



The City is fortunate to have access to a breadth of higher learning institutions. Genesee Community College, located in the nearby Town of Batavia, offers Associate’s Degrees and professional certificate programs. In addition, there are 26 colleges and universities within a 50 mile radius of the City that offer Bachelor’s, Master’s and Professional Degree opportunities.

**Income.** Across Genesee County, median household incomes (HHI) are below \$50,000 and Batavia is no exception with an estimated median HHI of \$40,882. In comparison, the median HHI for Genesee County is \$49,922.

The percentages of both individuals and families below poverty level has increased since 2000 (see chart below).



Between 2010 and 2014, the percentage of those on public assistance has increased by 1.8% and the mean cash public assistance income has increased (44.2%) to \$2,958. The percentage of total population without health insurance coverage is eight percent.

**Housing.** Housing occupancy in Batavia grew by just over four percent from 2000 – 2010. While the number of renter households in Batavia fell during the early 2000s, the City’s home ownership rate remained around 55 percent. Most of Batavia’s housing stock is comprised of single family homes (59%). Forty percent are multi-family units, roughly half of which are smaller multifamily properties. The City’s vacancy rates remain low; however, the City has seen a steady increase in vacancy rates since 2000.

## SIGNIFICANT ANNOUNCEMENTS

**Batavia Pathway to Prosperity.** The Batavia Opportunity Area (BOA) plan is strategic in nature and serves as the priority pathway to prosperity for downtown. Over a two year period, a Steering Committee reviewed market reports, hosted outreach events and discussed community desires resulting in thoughtful redevelopment concepts and investment opportunities. During 2015-2016, collaboration advanced another BOA plan concept. An unprecedented Batavia Pathway to Prosperity (BP2) policy was instituted following months of dialogue between City and County officials. Each taxing jurisdiction has agreed to repurpose a share of future payments in lieu of tax to leverage private investment in the City's central corridor, the most distressed area of Genesee County. A five partner strategic alliance was born: Genesee County, Genesee County Economic Development Center (GCEDC), Batavia City School District, City of Batavia and the BDC. The PILOT Increment Financing (PIF) strategy is the first of its kind in the State of New York.

**Ellicott Station.** Locally known as Della Penna and Santy's properties on Ellicott Street, together they are identified as a priority redevelopment area in downtown. Following a failed attempt in 2014, the Batavia Development Corporation (BDC) opened a second request for proposals (RFP) process in July 2015 touting an added incentive for investors to reinvent the three-acre site. In response to the development community feedback during the first RFP, the BDC proactively ensured the Della Penna property was accepted into the New York State Brownfield Clean-up Program (BCP). The effort required additional environmental investigation and early 2015 submission of a 643 page application to NYS Department of Environmental Conservation. In June 2015, the site was accepted into the BCP providing access to robust tax credits for those willing to remediate and invest at the site. Upon acceptance, the BDC immediately announced the RFP July 6, 2015.

Media outlets featured the opportunity and BDC hosted site tours throughout July and August, and a deadline extension allowed proposals until August 21st. A dozen quality prospects inquired about the opportunity.

In September, Savarino Companies of Buffalo was identified as the preferred developer having submitted a concept in complete alignment with the Brownfield Opportunity Area plan, community desires and demonstrated success navigating complex urban brownfield redevelopment projects. The City completed in rem foreclosure January 2016 for both the Della Penna and Santy's properties. By statute, the City was able to turn the properties over to the BDC for economic development purposes. A development agreement is now in place between the BDC and Savarino Companies to advance the project.

**freshLAB.** A new downtown entertainment destination was conceptualized and a grant sponsored to address a \$12,000,000 restaurant sales leakage of Genesee County as well as encourage creativity and entrepreneurship for the food and beverage industry. Led by the BDC, the City of Batavia will have a unique business incubator venue to develop restaurants and supply chain relationships much-like tech companies experience.

USDA Rural Development has provided a grant to set-up and equip the freshLAB restaurant incubator that will source local ingredients bringing the bounty of New York State agriculture to the people of Genesee County. Even better, a local restaurateur has agreed to mentor aspiring operators, design an upscale food-hall for shared dining space, and will launch the first brewery in Batavia opened during the last century.

**Batavia Brewing Company.** With the assistance of a \$500,000 grant from the New York State Main Street Downtown local investors will be renovating 109-111 Main Street in downtown Batavia. The \$1,175,000 project includes an estimated \$900,000 in construction costs to complete exterior improvements and interior renovations of the property consistent with local development plans and downtown corridor initiatives. The renovations will transform the property to a mixed use facility, providing seven apartments on the top floors

and two food and beverage retail spaces on the first floor with additional space in the rear of the building for future development. 109 Main Street will house freshLAB, a new restaurant incubator concept that has become popular in metropolitan areas across the country. 111 Main Street will be home to Batavia Brewing Company. The BBC will operate as a New York State farm brewery, a relatively new license class that allows a small production brewery to operate and distribute beer while using a higher percentage of New York State grown ingredients. The BBC facility will feature a retail area serving beer that is brewed onsite along with a limited food menu, a tasting room to capitalize on the booming beer tourism market, and a production facility to enable the company to self-distribute. The renovation project will include upper floor housing by providing seven loft style apartments featuring abundant natural lighting, hardwood floors, and modern kitchens and baths. The project is expected to be completed in 2017.

**Small Business Loans & Grants.** The City now has three loan or grant options for small business lending which the BDC administers on behalf of the City. While start-up business interest waned regionally, program offerings were strengthened in Batavia. Recapitalization of the Microenterprise program was a priority for 2014 and was achieved. A \$200,000 CDBG grant was awarded to the City in December 2014 to be allocated by December 2016. The BDC was named sub-recipient to ensure proper program delivery. The goal of the program was to support 10 new or expanding businesses and sponsor 10 new jobs. In partnership with GCC, a Small Business class was hosted Spring and Fall 2015 inspiring 18 entrepreneurs to participate. To date the program has achieved 6 businesses supported and 10 jobs pledged.

### INVESTMENTS IN RESIDENTIAL AREAS

**Community Development Block Grant (CDBG).** In 2010 the City received a \$400,000 CDBG grant that helped 19 single family homeowners with home improvements. In 2014 the City received another \$400,000 CDBG housing rehab grant. The program-eligible improvements included: roof, electrical, heating, plumbing, water heaters, windows, doors, porch replacements and masonry repair, and siding. In addition, nearly all of the rehabilitation work was performed by Genesee County contractors, keeping local dollars in our community. The 2014 program has assisted 17 homeowners.

**Genesee County Habitat for Humanity.** Since 2010 the City developed a Residential Redevelopment Plan thereby transferring foreclosed residential property directly to Genesee County Habitat for Humanity. Over the past six years Habitat has rehabilitated ten single family homes. After Habitat's renovations, the average assessed value increased 38%. On average the City transfers one to two properties to Habitat annually.

**Zombie Home Exemption.** In 2015 the City of Batavia became the only community in the State of New York to offer a Residential Redevelopment Inhibited Property Exemption. This property tax exemption provides tax relief for interested residents and/or investors willing to take on redeveloping abandoned properties by exempting the increase in assessed value for the redevelopment of abandoned properties into owner-occupied single family residences. This in return provides a means for greater investment into abandoned properties, without a property tax burden, and transforms highly distressed properties, many times tax delinquent, into functioning reuses. The City School District and Genesee County have all adopted the exemption and the City is currently working with a local community bank to develop a mortgage product that recognizes the exemption as a financing tool.

### LONG-TERM FINANCIAL PLANNING

The City has been able to maintain a stable, unassigned fund balance in the general fund at approximately 12% of total general fund expenditures. That balance as of March 31, 2016 was \$1,849,567. This is particularly relevant as the City has worked towards a financial recovery, after 2006, when the City's unassigned fund balance was a deficit \$1,302,857.

The City has aggressively accomplished planned capital projects outlined in the 10-year \$22 million Capital Infrastructure Plan (CIP). In addition, the City has completed several sewer and water infrastructure projects on a cash for capital basis. An Equipment Replacement Plan (ERP) has also been developed to assist with investing in and replacing the City's fleet of vehicles and equipment. The City has also adopted a Parking Lot and Sports Surface Management Plan that provides a 10 year outline of annual investments for City parking lots and sport surface improvements. The City is currently developing capital plans for all City facilities.

### **RELEVANT FINANCIAL POLICIES**

The City Council has formally adopted fiscal policies such as a Revenue, Operating Budget, Capital Improvement, Accounting, Debt, Fund Balance and Investment policies, as well as revised Purchasing Manual and monthly financial monitoring.

City Council annually, by resolution, adopts all updated capital plans as well as approves upcoming projects and estimated budgets.

### **ACKNOWLEDGEMENTS**

The preparation of this report could not be accomplished without the efficient and dedicated staff of the Bureau of Finance and City Manager's Office. This would not have been possible without the dedication and teamwork of the staff. Finally, I would like to thank the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

*Jason Molino*

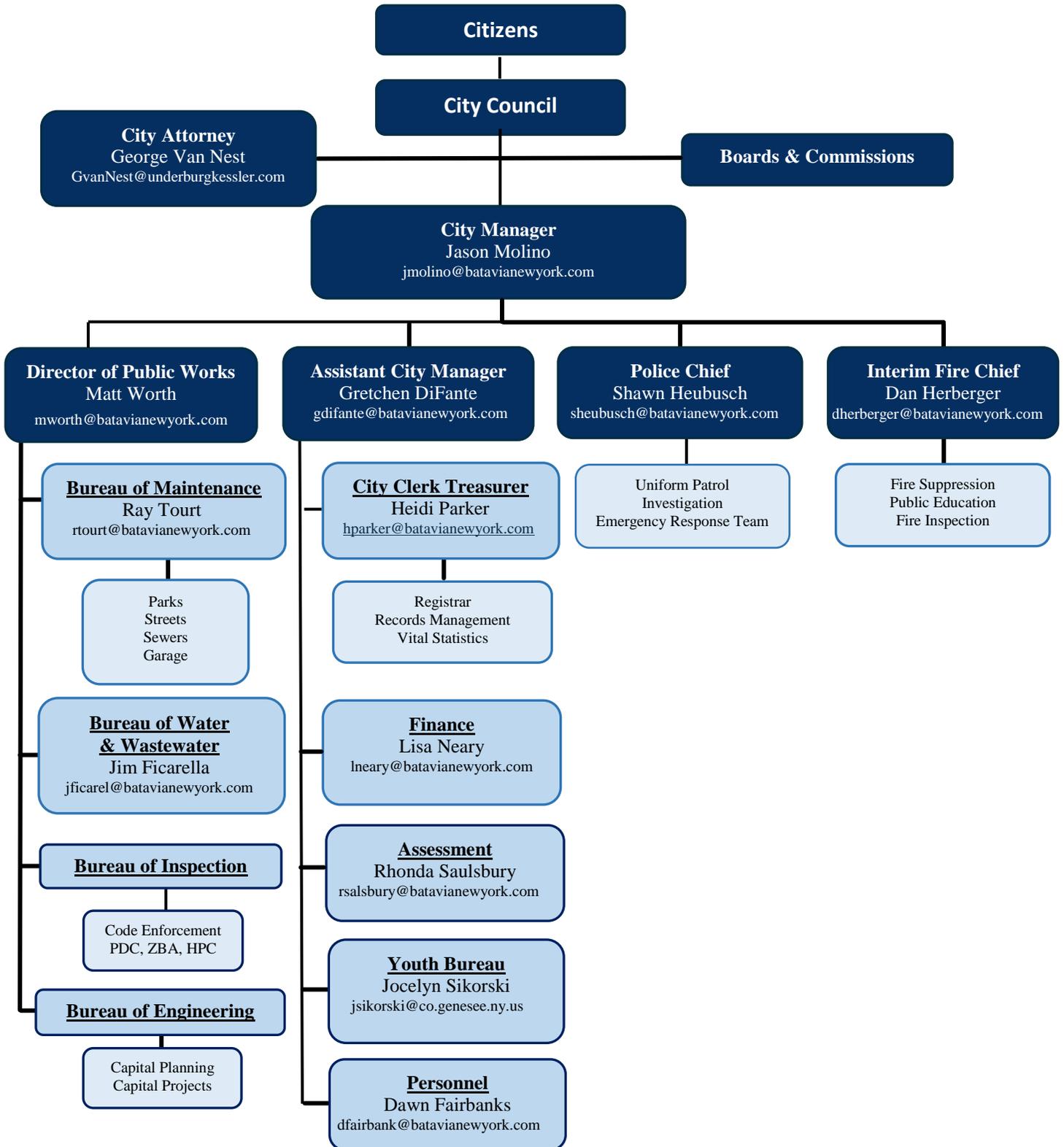
Jason Molino  
City Manager  
Director of Finance

**CITY OF BATAVIA  
CITY COUNCIL**



- Eugene Jankowski, Jr. .... President of the Council  
Council Person-At-Large
- Adam Tabela..... Council Person-At-Large
- Brooks Hawley ..... Council Person-At- Large
- Paul Viele..... First ward  
President Pro Tempore
- Patti Pacino ..... Second Ward
- John Canale ..... Third Ward
- Al McGinnis ..... Fourth Ward
- Kathy Briggs..... Fifth Ward
- Rose Mary Christian ..... Sixth Ward

# CITY OF BATAVIA MANAGEMENT CHART



**City of Batavia  
Organizational Units and Officials  
September 2016**

Jason Molino ..... City Manager

Gretchen DiFante ..... Assistant City Manager

Dawn Fairbanks ..... Bureau of Personnel

Jim Ficarella ..... Superintendent of Water & Wastewater

Dan Herberger ..... Interim Fire Chief

Shawn Heubusch ..... Police Chief

Lisa Neary ..... Deputy Director of Finance

Heidi Parker ..... City Clerk/Treasurer

Rhonda Saulsbury ..... City Assessor

Jocelyn Sikorski ..... Executive Director, Genesee  
County/City Youth Bureau

Ray Tourt ..... Superintendent of Maintenance

George Van Nest ..... City Attorney

Matt Worth ..... Director of Public Works

Robb Yaeger ..... Assistant Chief of Police

# FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of City Board  
City of Batavia, New York

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Batavia, New York (the City), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of March 31, 2016, and the respective changes in financial position and when applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As stated in Note 1, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, as listed in the table of contents; and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
August 22, 2016

# **Management's Discussion and Analysis**

## **City of Batavia, New York**

### **Fiscal Year ended March 31, 2016**

This section of City of Batavia, New York's (the City) annual financial report presents its discussion and analysis of the City's financial performance during the fiscal year ended March 31, 2015. Please read it in conjunction with the City's financial statements, which immediately follow this section. **ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE INDICATED.**

#### **Preliminary Summary**

In the fiscal year ending March 31, 2016, the City continued to maintain a healthy and stable financial position. This is the seventh consecutive year the City has maintained a positive unassigned fund balance. Despite challenges such as slow tax base growth and state mandates (ie. the property tax cap) the City continues to remain fiscally diligent by committing one-time surplus to restricted fund balance for future capital investments.

In reviewing the attached financial statements, it is important to understand the critical points of achievement over the past year that have assisted the City with improving its financial stability. These points include:

- Continued strength in assigned and unassigned fund balance in the general fund and cash growth in water and sewer funds
- Healthy operations in general, water and sewer funds
- The commitment of surplus to reserve funds for one-time equipment purchases and infrastructure and facility improvements
- The formal adoption of fiscal policies such as a Fund Balance Policy, Investment Policy, revised Purchasing Manual and monthly financial monitoring

These efforts along with continued expense monitoring and revenue improvements have assisted in maintaining long term fiscal solvency, while building fund balance and investing in capital equipment, city facilities, and infrastructure.

#### **Financial Highlights**

- As shown on page A6, there was an excess of revenues over expenditures of \$1,732,931 at March 31, 2016. However, after net transfers out of other financing sources in the amount of \$381,299 there was a positive net change in fund balance of \$1,351,632.
- Factors contributing to the general funds excess of revenues over expenditures were primarily due to one-time revenue receipts above budget, and lower than expected expenses. For example:
  - Real Property Tax items were \$176,971 over budget due to increased interest and penalty payments.

- The City experienced several vacancies throughout the year causing lower than budgeted personnel and social security expenditures. Also New York State Retirement expenditures were \$272,222 under budget.
- The City utilized over \$575,000 of reserve and committed funding for capital equipment, compensated absence pay outs, facilities, and sidewalk improvements. The general fund also budgeted \$200,000 to further build reserves for anticipated liabilities/costs in future years.
- The City's Purchasing Manual revisions, adopted Fund Balance Policy, Investment Policy and the increase in financial reporting to the City Council, supports the City's commitment to strong fiscal planning.
- New York State AIM (Aid and Incentives for Municipalities) stayed flat in the fiscal year ending March 31, 2016. However, since fiscal year ending March 31, 2011 New York State reduced AIM by 6.9% or \$109,949. Meanwhile, New York State retirement costs have increased 27% or \$403,894 since fiscal year ending March 31, 2009.

While the City has experienced a positive surplus from these budget lines, it should be noted that these budget areas are subject to changes from year to year. Consistent with the City budgeting practices of the past, the City should committ these surplus funds to decreasing debt or increasing reserve fund balances for future liabiliites such as equipment, facility and infrastructure improvements.

### **Overview of the Financial Statements**

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

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

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

**Figure A-1**

**Organization of City of Batavia, New York's Annual Financial Report**

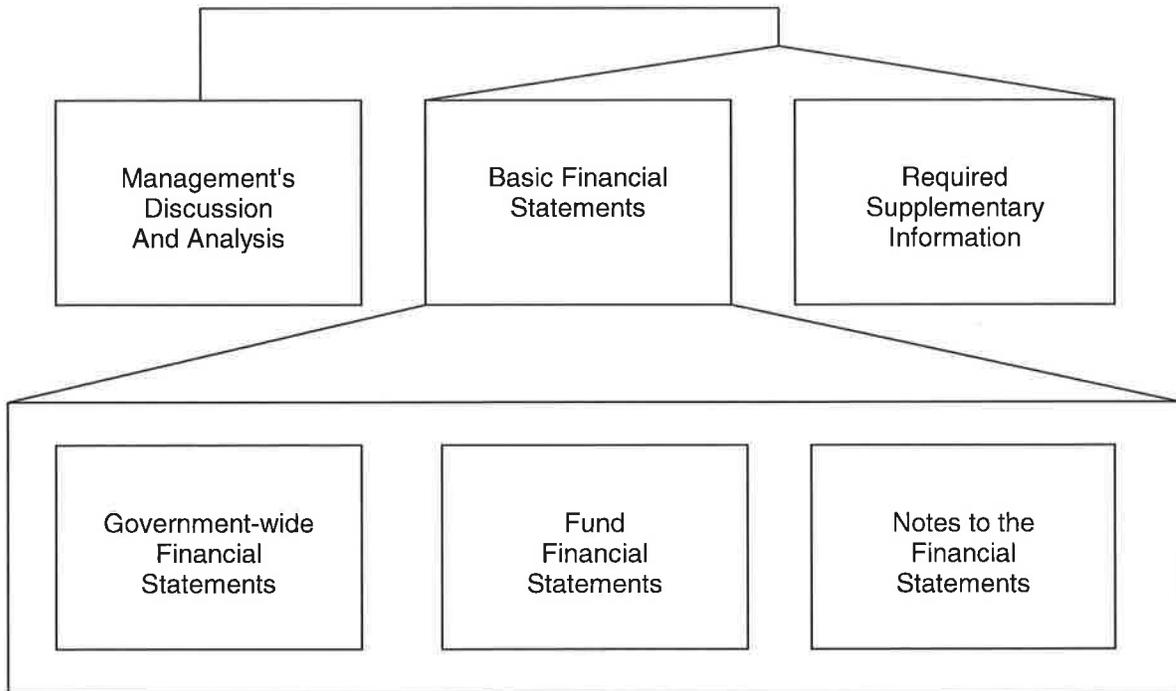


Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

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

## **Government-wide Statements**

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

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

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

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

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

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

## **Fund Financial Statements**

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

The City has three kinds of funds:

- **Governmental Funds:** Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided with the governmental funds statements explains the relationship (or differences) between them.

- Proprietary Funds: These funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Batavia has two enterprise funds. The City's enterprise funds are the water and sewer funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.
- Fiduciary Funds: The City is the trustee, or fiduciary, for assets that belong to others, such as deposits. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

### **Financial Analysis of the City as a Whole**

In recent years the City has focused their efforts on proactive financial management and strategic planning emphasizing the City's financial health with specific measured results reviewed every month by City Council. Through these efforts and with multi-year financial planning, the City has committed to and prepared for long-term financial stability and investments.

- The Annual budget. In reflecting on the City's multi-year financial plan, the City has maintained a responsible tax rate. The City continues to closely monitor expenses and conservatively budget revenue. As a result, year ending March 31, 2016 resulted in revenues exceeding expenditures after Other financing sources by \$1,351,632. While this was due to unexpected revenues and well managed expenditures, such as higher than expected interest and earnings penalties and lower than expected personnel and retirement expenditures due to unexpected position vacancies throughout the City, it should be noted that these budget areas have and are subject to changes from year to year. Consistent with the City budgeting practices of the past, the City should commit these surplus funds to decreasing debt or increasing reserve fund balances for future liabilities such as equipment, facility and infrastructure improvements.
- Strategic use of unexpected revenues and/or surpluses. The City uses one-time revenues/surpluses to offset capital project expenses, build fund balance and reserves, assist in purchasing equipment and improving infrastructure. The City remains cautiously optimistic and budgetarily conservative as major revenue sources such as sales tax and State aid, and expenses such as retirement contributions and healthcare costs continue to be inconsistent. The increase in unassigned fund balance should be paired with the City's fund balance policy and one-time surpluses are recommended to be moved to restricted fund balance to support future equipment, facility and infrastructure needs.

It should be noted that the City experienced a decrease in sales tax receipts for fiscal year ending March 31, 2016. This is the first time since 2010 the City has experienced a decrease in sales tax when compared to the prior year. In addition, healthcare expenditures were approximately \$125,000 over budget due to several high healthcare claims. Both sales tax and healthcare expenditures are significant budget items and should they continue to perform negatively in future years, structural budget changes may have to be considered.

- Investment in City vehicles, equipment, infrastructure and facilities. The City has aggressively accomplished planned capital projects outlined in the Capital Infrastructure Plan (CIP). In addition, the City has completed several sewer and water infrastructure projects on a cash for capital basis. An Equipment Replacement Plan (ERP) has also been developed to assist with investing in and replacing the City's fleet of vehicles and equipment. The City has also adopted a Parking Lot and Sports Surface Management Plan that provides a 10 year outline of annual investments for City parking lots and sport surface improvements. In the year ending March 31, 2016 the City planned over \$575,000 of capital expenditures related to equipment replacement, facility improvements, and sidewalk improvements. Continued planning and investment is needed for long-term stable operations, otherwise one-time equipment and emergency purchases, facility repairs and infrastructure replacement may force the City to increase property tax rates, water and sewer rates and/or debt service levels to meet service demands.
- The City's Strategic Plan. The intent of the City's Strategic Plan is to allocate available resources to best meet the needs of City residents, while balancing the environmental factors that may affect us in the future. Created during the fiscal year ending March 31, 2011, the strategic plan began with a survey of citizens that progressed to creating strategic priorities defined by directional statements. Key intended outcomes linked to the strategic priorities with associated performance goals, became the basis for the annual budget and ultimately the City's Business Plan was created. In May 2014 the City was awarded the 2014 Strategic Leadership & Governance Program Excellence Award by the International City/County Management Association. The award recognized the City's Strategic Business Plan as an innovative and successful local government program and process that has significantly affected a local government's organizational strategic direction. In fiscal year ending March 31, 2016 the City Council updated the Strategic Plan outlining new key intended outcomes and performance objectives to align with City resources.
- State Comptroller's Fiscal Stress Initiative. In May 2014 the New York State Comptroller Thomas P. DiNapoli announced the completion of the initial scoring for all local governments and school districts in New York in the Fiscal Stress Monitoring System. Batavia was issued a fiscal stress score of 0% for 2012, 2013, 2014 and 2015 the lowest (best) possible score. The City has since calculated a draft 2016 scoring using the fiscal stress indicators utilized by the Comptroller, and the City scoring is again 0%. This further indicates the progress made resulting from the City's planning budgeting and good fiscal management decisions.
- Bond Rating Upgrade. A bond rating upgrade was is an objective outlined in the City's Strategic Plan. On July 19, 2012 Moody's Investors Service upgraded the City's bond rating from "A2" to "A1". The upgrade reflects the City's improved financial position marked by consecutive years of operating surpluses, as well as, the City's practice of conservative budgeting of both revenues and expenditures. The rating also factors in the City's moderately sized tax base, below average wealth levels and average direct debt level.
- Fund Balance Recovery. In fiscal year ending March 31, 2006 the City's total fund balance was a deficit \$1,302,857. Fiscal year ending March 31, 2016 the City's total fund balance is \$8,488,914. This recovery in fund balance is due to instituting diligent fiscal management and policies, and as a result has provided the City with the wherewithal to make needed capital investments to provide good services to residents. Continued fiscal prudence also provides the City with the ability to balance better economic times with challenging times.

## **Capital Projects**

The Cedar Street Reconstruction project began construction in fiscal year ending March 31, 2014, and was completed in summer 2015. The Summit Street Reconstruction was in final design, when in December 2013, funding was revoked by New York State. However, federal and state funding was reinstated in summer 2015, and the City has been proceeding with the project with construction starting in 2016.

The City utilized over \$350,000 of reserve funds for the sidewalk improvements. In addition the City utilized over \$200,000 of Consolidated Highway Improvement Program (CHIPs) funding for street resurfacing.

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

	Governmental Activities			Business-Type Activities		
	2016	2015 as restated	Increase (Decrease)	2016	2015 as restated	Increase (Decrease)
Current and other assets	\$ 12,631	\$ 13,683	(1,052)	\$ 18,148	\$ 13,040	\$ 5,108
Capital assets, net	21,518	21,126	392	25,656	26,657	(1,001)
Total assets	<u>\$ 34,149</u>	<u>\$ 34,809</u>	<u>(660)</u>	<u>\$ 43,804</u>	<u>\$ 39,697</u>	<u>\$ 4,107</u>
Deferred outflows of resources	1,475	571	1,242	291	-	154
Long-term liabilities	\$ 10,971	\$ 11,185	(214)	\$ 2,310	\$ 2,439	\$ (129)
Other liabilities	3,597	5,156	(1,559)	4,892	796	4,096
Total liabilities	14,568	16,341	(1,773)	7,202	3,235	3,967
Deferred inflow of resources	155	-	163	25	-	17
Net investment in capital assets	16,890	14,570	2,320	23,794	24,956	(1,162)
Restricted	5,452	4,544	908	5,707	3,677	-
Unrestricted (deficit)	(1,441)	(75)	(1,366)	7,367	7,829	(462)
Total net position	<u>20,901</u>	<u>19,039</u>	<u>1,862</u>	<u>36,868</u>	<u>36,462</u>	<u>406</u>
Total liabilities and and net position	<u>\$ 35,624</u>	<u>\$ 35,380</u>	<u>\$ 244</u>	<u>\$ 44,070</u>	<u>\$ 39,697</u>	<u>\$ 4,373</u>

### Governmental Activities

Governmental activities experienced a decrease in the City's net position by \$249,305 when compared to the prior years increase. Key elements of this decrease are as follows:

- Revenues increased by 6.3% and expenses decreased by 5.4% when compared to prior year. This was primarily due to the completion of the Cedar Reconstruction project in 2015. This was reflected in the decrease in Capital Grant and contributions and General Government expenses.
- Property taxes, special assessments and property tax items increased 4.3% due to increased collections and interest and penalty payments.
- General Government, Police and Fire all decreased when compared to the prior year due to vacant positions and lower personnel related expenditures and retirement costs.
- Transportation expenses increased by 10.8% due to more sidewalk improvements when compared to the prior year.

### Business-Type Activities

Business-type activities experienced a decrease in the City's net position by \$1,673,448 compared to the prior years increase. Key elements of this decrease are as follows:

- In fiscal year ending March 31, 2015 there was the sale of sewer plant capacity to the Town of Batavia for over \$2,000,000, this was a one-time sale to the Town and did not continue in fiscal year ending March 31, 2016.

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

	Governmental			Business-Type		
	Activities			Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
<b>Program Revenues:</b>						
Charges for services	\$ 780	\$ 835	\$ (55)	\$ 5,356	\$ 7,099	\$ (1,743)
Operating grants and contributions	914	452	462	2,311	2,176	135
Capital grants and contributions	179	2,082	(1,903)	-	-	-
<b>General Revenues:</b>						
Property taxes, special assessments and property tax items	5,550	5,323	227	-	-	-
Non-property taxes	6,441	6,490	(49)	-	-	-
Interest earnings	73	68	5	23	15	8
State and federal sources	1,894	1,865	29	-	-	-
Miscellaneous	762	598	164	-	-	-
Total revenues	<u>16,593</u>	<u>17,713</u>	<u>(1,120)</u>	<u>7,690</u>	<u>9,290</u>	<u>(1,600)</u>
<b>Program Expenses:</b>						
General government	2,555	3,204	(649)	-	-	-
Police	3,978	4,002	(24)	-	-	-
Fire	3,969	4,206	(237)	-	-	-
Public safety	405	392	13	-	-	-
Health	20	20	-	-	-	-
Transportation	2,266	2,046	220	-	-	-
Economic assistance	259	239	20	-	-	-
Culture and recreation	1,019	1,073	(54)	-	-	-
Home and community service	417	498	(81)	6,967	7,013	(46)
Refuse and recycling	52	57	(5)	-	-	-
Interest on debt	109	203	(94)	-	-	-
Total expenses	<u>15,049</u>	<u>15,940</u>	<u>(891)</u>	<u>6,967</u>	<u>7,013</u>	<u>(46)</u>
Excess of revenues over expenses	1,544	1,773	(229)	723	2,277	(1,554)
Capital contributions	-	-	-	-	141	(141)
Transfers	318	339	(21)	(318)	(339)	21
Change in net position	1,862	2,112	(250)	405	2,079	(1,674)
Restatement (see Note 4)	-	571	(571)	-	(9)	9
Net position-beginning (as restated)	<u>19,039</u>	<u>16,356</u>	<u>2,683</u>	<u>36,463</u>	<u>34,393</u>	<u>2,070</u>
Net position-ending	<u>\$ 20,901</u>	<u>\$ 19,039</u>	<u>\$ 1,862</u>	<u>\$ 36,868</u>	<u>\$ 36,463</u>	<u>\$ 405</u>

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

The fiscal year ending March 31, 2016 concluded with an unassigned fund balance of \$1,849,567 after restrictions and assignments for encumbrance, reserves and other fund balance commitments. This is the eighth consecutive year the City has maintained a positive fund balance.

### **The General Fund**

Revenues for the general fund increased compared to last year by \$801,658. This is primarily due to an increase in property tax collections and interest and penalty payments. The City identifies this influx, however does not budget for increases in penalty payments as they are considered one-time revenues.

Despite an increase in healthcare expenditures of \$100,000 in the general fund over the prior year, expenses for the general fund were collectively \$70,609 less when compared to the prior year. This is primarily due to multiple vacancies throughout the organization and lower retirement expenditures compared to the prior year.

### **Water Fund**

The water fund, including depreciation, had a current year increase in net position of \$347,082, compared to last year's decrease of \$138,142. Increases in charges for services (water rents) and capital improvement fees accounts for the biggest change from last year, while decreases in the County contract expenses contributed to the Fund's improvement in net position.

### **Sewer Fund**

The sewer fund, including depreciation, has experienced an increase in net position of \$58,333. This is a significantly smaller net change due to prior years sale of sewer plant capacity to the Town of Batavia for just over \$2,000,000.

**Workers Comp. Fund**

This year's workers compensation fund balance increased by \$76,039. This is primarily due to less unexpected expenditures related to open claims from when the City was self-insured (pre-March 31, 2009) than in prior years.

**Capital Projects Fund**

Cedar Street Reconstruction was completed in 2015. While construction funding for Summit Street Reconstruction was originally revoked in December 2013 it was reinstated in 2015 and construction began in Spring 2016.

<b><i>Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Assets - Governmental Funds and Business-Type Activities (in thousands of dollars)</i></b>			
	<b>2016</b>		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Assets</u>
General Fund	16,300	\$ 14,948	\$ 8,489
Water Fund	\$ 4,699	4,351	9,348
Sewer Fund	2,993	2,934	27,520
<b>2015</b>			
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Assets</u>
General Fund	\$ 15,673	\$ 15,811	\$ 7,137
Water Fund	4,472	4,610	9,006
Sewer Fund	4,959	2,742	27,465

Revenues and Expenditures/Expenses include other financing sources or uses

## General Fund Budgetary Highlights

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

The City general fund experienced an increase in fund balance over the prior year of \$1,351,632. This included planned expenditures of reserve funds of over \$575,000 for budgeted capital equipment, facility and sidewalk expenditures. The City's excess revenues over expenditures provides the City an opportunity to meet its unassigned fund balance objective of 10% of general fund expenditures while continuing to build several reserve funds for future liabilities.

Revenues that the City does not receive on a consistent basis are not included in future budgets. While some one-time revenues have assisted with financial recovery, sustained growth in larger reoccurring revenues remain questionable. One-time revenues include:

- Interest and Penalties on property taxes were \$176,971 above budget. While this revenue has benefited the City's bottom line, it is completely reliant on delinquent property taxes being paid late.
- Video Lottery Terminal aid received this year was \$440,789. This revenue is not budgeted as it has continually been debated, and at times removed, from the Governor's Executive Budget. The City has utilized this revenue in the past to support capital expenditures and economic development.

Revenues that experience limited to no growth continue to be a concern, and the City continues to monitor these revenues. Should any significant changes occur in future years, the City's general fund would be negatively affected. These revenues include:

- Sales tax revenue decreased .20%, or \$12,302 compared to the prior year. While this is a slight decrease over the prior year, the City's sales tax revenue is an economically sensitive revenue, and is subject to volatile swings in receipts, as witnessed in the not so distant past. For the past three years annual sales tax growth has slowly dwindled to a loss, while the three years prior annual average growth was almost 6%.
- Utility gross receipts tax decreased \$36,040, or 16% compared to the prior year. Utility gross receipts tax has been inconsistent over the past five years due to changing electricity and natural gas prices.

In addition to revenue changes, this fiscal year had several lower than expected expenditures. These include:

- General fund unappropriated contingency, personnel services and retirement expenditures in General Government, equaled \$304,880. This was due to limited use of the contingency budget as the most revenue and expenditure lines were within budget.
- Vacancies and lower than expected retirement costs attributed to Public Safety expenditures \$654,678 under budget.
- Transportation expenditures were \$289,636 less than budgeted. This was primarily due to lower than expected retirement expenditures, fuel costs and snow operations expenditures.

One expenditure that was greater than budget was healthcare expenditures. In prior years healthcare expenses has been typically under budget, however fiscal year ending March 31, 2016 had several high unexpected healthcare claims. Healthcare claims continue to be monitored on a monthly basis for abnormal trends.

Aside from conservative budgeting and the utilization of one-time revenues to fund capital acquisitions, the City continued the practice of conservative spending and strict expense monitoring throughout the year.

The City's prudent revenue budgeting and expense monitoring has resulted in general fund surpluses needed to eliminate prior fund balance deficits, grow reserve balances and unassigned fund balance. While the City has experienced several lower than expected expenditures, these one-time savings are short lived and will not continue in future years. Furthermore, depending on the severity of change, revenue declines and expenditure increases, such as healthcare, retiree healthcare and retirement costs, the City may experience challenges in building the financial resources necessary to gain better financial footing. With the New York State Property Tax Cap, the inability to increase property taxes may further limit our ability to maintain services to residents at current levels.

## Capital Asset and Debt Administration

### Capital Assets

In the year ending March 31, 2016, the City funded general fund reserves with an additional \$1,470,000. The City continued to make an effort to plan and fund for future equipment and infrastructure improvements, rather than defer funding for these needed improvements. In addition to funding reserves, the City utilized just over a \$575,000 of the reserve funds in the general fund to purchase multiple equipment purchases, several additional facility improvements, install sidewalks and absorb compensated absences from several retirements, thereby utilizing reserve funding instead of property tax increases or issuance of debt for these types of improvements.

<b>Capital Assets Net of Depreciation</b>				
<i>(in thousands of dollars)</i>				
	Governmental Activities		Business -Type Activities	
	2016	2015	2016	2015
Land	\$ 1,135	\$ 1,135	\$ 42	\$ 42
Construction work in progress	4,153	10,077	301	1,339
Buildings	6,560	6,814	15,388	16,264
Machinery & equipment	2,359	2,212	567	606
Infrastructure	7,312	888	9,358	8,406
Total	\$ 21,519	\$ 21,126	\$ 25,656	\$ 26,657

### Long-Term Obligations

The City received a bond rating of "A2" from Moody's Investors Service in May 2010. At that time Moody's recalibrated the scale for municipalities to bring their ratings in line with and more comparable to private organizations. Previously the City's bond rating was "Baa2". In June 2011, Moody's affirmed the City's "A2" bond rating and assigned the City a "positive outlook". Moody's assignment of the positive outlook acknowledged a modest financial position by specifically identifying City management's ability to restore financial health, establish a Retirement, Health Insurance and Employee Benefits Reserves and negotiated manageable settlements with three of its unions, which included wage freezes and healthcare concessions. In July 2012 Moody's Investors Service upgraded the City's bond rating from "A2" to "A1". The upgrade reflected the City's improved financial position marked by five consecutive years of operating surpluses as well as the City's practice of conservative budgeting of both revenues and expenditures. The rating also factors the City's moderately sized tax base, below average wealth levels and average direct debt level.

More detailed information on the City's capital assets and long-term debt activity is provided in the Notes to the Financial Statements under 3.C and 3.I.

**Outstanding Long-Term Obligations  
(in thousands of dollars)**

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
General obligation debt backed by the City	\$ 3,971	\$ 4,359	\$ 1,229	\$ 1,385
Installment purchase debt	658	547	264	317
Other debt	545	682	-	-
Compensated absences	2,243	2,275	436	386
Other post employment benefits	3,554	3,345	380	367
Total	<u>\$ 10,971</u>	<u>\$ 11,208</u>	<u>\$ 2,309</u>	<u>\$ 2,455</u>

**Factors Bearing on the City's Future**

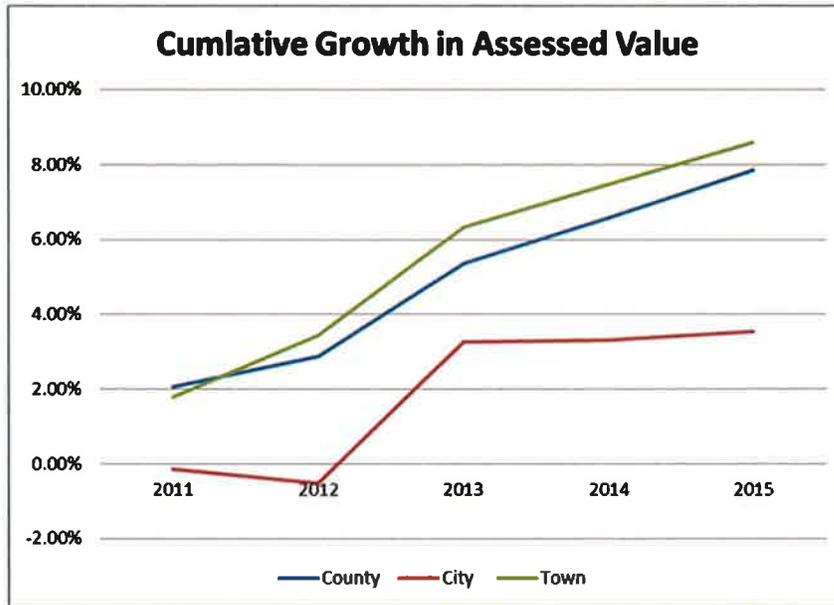
Following is a description of both short and long-term factors the City will be forced to deal with in the future:

- **General Fund Revenue** – Growth in major revenues has leveled off in the past several years. The City's major general fund revenues, payment in lieu of taxes, sales tax, utilities gross receipt tax, cable franchise fees, fines and forfeitures and mortgage tax, which makes up approximately 44% of the general fund revenues, has decreased in growth from 1.9% in 2013 to no growth in 2016. With nearly half the general fund revenues demonstrating little to no growth there is greater risk of deferring capital expenditures, cutting services and increasing taxes.
- **Sales Tax & Water Agreements** – In 1999 the City and County entered into the Sales Tax Allocation Agreement formalizing the percentage share of County sales tax to be distributed between the City (16%), County (50%), Towns and Villages (34%). This agreement came in tandem with the creation of the Operation and Maintenance Agreement for the Water Treatment Plant and Water Treatment Facilities Agreement, as all three agreements addressed the Genesee County Public Water Supply Program, economic development and water demands in the County. All three agreements were renewed and extended in 2007 for an additional 10 years.

The City is currently in negotiations with Genesee County regarding the renewal of the water and sales tax agreements, however it is important to note that any percentage change in the City's share of sales tax (16%) that may limit or decrease the City's sales tax from its current position would be detrimental to the City's general fund. Further contributing to the City's general fund revenue challenges. In addition changes to the existing water agreements that does not promote the continuation of the current relationship between the City and County may result in unexpected increases in the water rates. Both agreements are critical to the financial health of the City, surrounding Town's and Village's and the County.

- Property Tax Cap – The City continues to be proactive in our response to various NYS Budget changes and cuts that affect the City. It is important that the City anticipate these well in advance and remain flexible in our ability to respond during the budget process. However the adoption of the property tax cap without mandate relief, has significantly hampered the City's ability to levy the necessary funds to support services. In addition, the tax cap is not a tax cap of 2%, it is rather a cap of the 2% or inflation, whichever ever is lowest. Over the past two years inflation has been under 1%. The City is continually evaluating the impact of the tax cap on the City's budget and services, however if changes are not made in the legislation many communities, including Batavia, will be facing cutting services and capital investments while increasing taxes in the same year.
  
- Reserve funding – Funding reserves now for future equipment, infrastructure and facility improvements has been and will continue to be critical in avoiding larger tax burdens in future years. In the fiscal year ending March 31, 2016, the City utilized just over \$575,000 of reserve funding to purchase needed equipment and offset liabilities as they came due. Planning for these improvements/liabilities is a major priority in the City's work plan. Updating capital improvement plans and designated revenue streams to fund these plans are essential to maintaining a safe financial position for the City.
  - Employee Accrued Liability Reserve – Due to a high number of retirements/terminations in prior years, the City depleted its Employee Accrued Liability Reserve in the fiscal year ending March 31, 2013. While it is unreasonable to fully fund all liabilities, it is important to properly assess and evaluate potential risks in order to appropriately fund and prepare for likely obligations. This reserve balance should be increased.
  
  - Facility Reserve – For the past four years City Council has committed surplus revenues to the City's Facility Reserve in preparation of needed improvements to several City facilities including the City's Police Station. In addition, the City has developed 5-year capital plans for Dwyer Stadium and Falletti Ice Arena. The City's Strategic Plan has also outlined a key objective for developing a capital facilities improvement plan for each City facility. A capital plan for the Bureau of Maintenance and Fire Station has been completed and has identified approximately \$650,000 of needed improvements. In preparation of needed upcoming facility improvements, additional commitment of reserve funding will provide the City with greater financial capacity to handle future improvements with each facility. Continuing to build this reserve will also allow the City to avoid additional debt service or the temptation to procrastinate or put off needed investments.
  
- NYS Retirement Costs – Since FY 2009/10, annual fluctuations in actual retirement payments have ranged from a 29% decrease (\$311,000) in 2009/10 to a 62% increase (\$478,000) the following year in 2010/11, and then a 4% decrease (\$52,000) in 2011/12. In 2012/13 the City's retirement costs increased 45.7% (\$548,032) over the prior year. In 2013/14 the City's retirement costs decreased 22.3% (\$389,118) from the prior year. While in 2014/15 the City's retirement costs was again a 36% increase (\$488,148) from the prior year, 2015/16 was a decrease of 20% (369,459) from the prior year. Because the State's projected retirement contributions in past years have not been consistent with actual retirement payments, it is prudent to assume retirement costs will increase in future years until consistent and reliable retirement payments are restored.

- Healthcare Costs – On average, for the past five years the City's healthcare costs have increased approximately 8-10% per year. On an annual basis the City analyzes the option of transitioning from a self-insured plan to an experienced-based plan, however the City's ability to maintain manageable annual increases in healthcare costs while building a healthcare reserve makes it financially feasible to remain self-insured. The recent increase in expenditures in healthcare in fiscal year ending March 31, 2016 was due to unexpected claims, not consistent with the past. This expenditure will continue to be monitored closely to determine if fiscal year ending March 31, 2016 was a one time high expenditure and if healthcare claims will return to prior year similarities.
- Retiree Healthcare Costs – Retiree healthcare will continue to increase in the future. In the fiscal year ending March 31, 2012 post employment health insurance cost for the City's 34 retirees was \$257,664. In the fiscal year ending March 31, 2013 post employment health insurance cost for the City's for 38 retirees was \$365,588. This was a 41.9% increase, or \$107,924 increase over the prior year. In the fiscal year ending March 31, 2014 post employment health insurance cost for the City's 52 retirees was \$537,269. This was a 47.96% increase, or \$171,681 increase over the prior year. In fiscal year ending March 31, 2015 post employment health insurance cost for the City's 33 retirees was \$314,727. While this is a decrease when compared to the prior year, retiree healthcare expenses are a large portion of the general fund expenses, are unpredictable and can be extremely volatile due to one single illness. The City's liability for post employment benefits, as of the actuarial valuation date of April 1, 2013, amounted to \$9,225,643. Aggressive labor negotiations to reduce future retiree costs will be essential for maintaining a long term decrease of this liability.
- Union Contracts – While all contracts are current, two contracts expire March 31, 2017. The City's negotiations will be focused on manageable benefit packages that will not significantly impact future property tax levels. Strong but fair negotiations will have to take place to ensure that future benefit packages are reasonable for City employees and affordable for City taxpayers. In addition, future benefit packages will begin to focus on pay for skill initiatives that will provide employees with better pay and benefits for high performance, more cross training and professional and leadership development.
- Taxable Assessed Value Decline – The City has enjoyed an average growth of 1.5% in its tax base annually, however, since 2010 the City's taxable assessed value has been less than 1% annually. As the housing market continues to show slow signs of recovery, the City should expect similar trends over the next several years. In addition, with the adoption of the property tax cap without relief from State mandated expenses, the City's ability to levy the necessary funds to support services are significantly hampered. Considering taxable assessed value is the City's most stable source of revenue, the City needs to make improving the City's tax base, particularly the non-residential tax base, a priority and encourage future commercial and industrial redevelopment, specifically Brownfield Redevelopment, throughout the City's Central Corridor.



Furthermore, growth in the City has been lagging when compared to the surrounding area. The above chart illustrates the lack in City taxable assessed value growth when compared in Genesee County and the Town of Batavia. Both have had robust focuses on economic development for nearly 10 years, and as a result the cumulative growth in taxable assessed value growth has been more than double the City's since 2010.

***Building tax base is imperative to supporting and maintaining valuable City services at reasonable costs and maintaining a strong financial position.***

Over the past seven years the City has experienced decreases in State aid as well as considerable increases in state retirement costs and retiree healthcare costs. In addition, the imposition of the Property Tax Cap further limits the City's ability to combat increasing State mandated costs as the cap imposes a ceiling on the City's ability to levy property taxes. The City Council's Strategic Plan emphasizes Well-Managed City, which consists of maintaining a healthy and stable financial position. The City's financial improvement over the past several years has been the result of many necessary reactive and proactive approaches to budgeting and operations for the City. It is critically important that the City continue to spend a considerable effort on planning for the future, most specifically with regards to funding reserves, maintaining and funding capital and equipment replacement plans, and maintaining low cost, high quality services to residents. In addition, resources need to be focused on encouraging tax base growth through economic development efforts promoting land use redevelopment and job growth within the City.

**Contacting the City's Financial Management**

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

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 8,266,865	\$ 12,111,370	\$ 20,378,235
Cash - restricted	181,073	3,681,146	3,862,219
Property taxes receivable, net	1,676,445	-	1,676,445
Accounts receivable, net	507,282	1,803,364	2,310,646
State and federal receivables	465,653	-	465,653
Loans receivable, net	180,199	-	180,199
Due from other governments	1,353,741	551,514	1,905,255
Capital assets not being depreciated	5,287,385	342,812	5,630,197
Capital assets, net of accumulated depreciation	16,231,174	25,313,653	41,544,827
	<u>34,149,817</u>	<u>43,803,859</u>	<u>77,953,676</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension outflows	247,285	41,924	289,209
Deferred pension outflows, contributions subsequent to measurement date	1,227,650	248,988	1,476,638
Total deferred outflows of resources	<u>1,474,935</u>	<u>290,912</u>	<u>1,765,847</u>
<b>LIABILITIES:</b>			
Accounts payable	567,059	527,833	1,094,892
Accrued liabilities	380,103	110,308	490,411
Bond anticipation notes payable	-	4,050,000	4,050,000
Due to other governments	443,238	-	443,238
Unearned revenues	1,504,123	-	1,504,123
Long-term liabilities:			
Due and payable within one year	824,869	257,528	1,082,397
Due and payable after one year	10,145,999	2,052,078	12,198,077
Net pension liability	702,984	203,811	906,795
Total liabilities	<u>14,568,375</u>	<u>7,201,558</u>	<u>21,769,933</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension inflows	155,094	25,126	180,220
Total deferred inflows of resources	<u>155,094</u>	<u>25,126</u>	<u>180,220</u>
<b>NET POSITION:</b>			
Net investment in capital assets	16,889,932	23,794,332	40,684,264
Restricted for:			
Insurance	770,359	55,446	825,805
Capital projects	3,384,263	5,627,265	9,011,528
Retirement contribution	433,895	-	433,895
Other purposes	7,691	-	7,691
Special grant	443,161	-	443,161
Small cities	159,863	-	159,863
Repairs	145,192	-	145,192
Employee benefit accrued liability	7,702	-	7,702
Unrestricted	<u>(1,340,775)</u>	<u>7,391,044</u>	<u>6,050,269</u>
Total net position	<u>\$ 20,901,283</u>	<u>\$ 36,868,087</u>	<u>\$ 57,769,370</u>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,555,179	\$ 158,331	\$ 3,271	\$ -	(2,393,577)	\$ -	(2,393,577)
Police	3,977,937	185,715	53,259	-	(3,738,963)	-	(3,738,963)
Fire	3,968,773	-	36,419	-	(3,932,354)	-	(3,932,354)
Public safety	402,590	82,742	218,894	-	(100,954)	-	(100,954)
Health	19,850	37,072	-	-	17,222	-	17,222
Transportation	2,265,625	11,514	209,186	178,979	(1,865,946)	-	(1,865,946)
Economic assistance	258,828	199,976	371,492	-	312,640	-	312,640
Culture and recreation	1,019,811	73,990	21,440	-	(924,381)	-	(924,381)
Home and community services	417,325	28,194	-	-	(389,131)	-	(389,131)
Refuse and recycling	51,510	-	-	-	(51,510)	-	(51,510)
Interest on debt	109,153	-	-	-	(109,153)	-	(109,153)
<b>Total governmental activities</b>	<b>15,046,581</b>	<b>777,534</b>	<b>913,961</b>	<b>178,979</b>	<b>(13,176,107)</b>	<b>-</b>	<b>(13,176,107)</b>
<b>Business-type activities:</b>							
Sewer	2,894,971	2,740,810	235,550	-	-	81,389	81,389
Water	4,072,389	2,615,116	2,076,245	-	-	618,972	618,972
<b>Total business-type activities</b>	<b>6,967,360</b>	<b>5,355,926</b>	<b>2,311,795</b>	<b>-</b>	<b>-</b>	<b>700,361</b>	<b>700,361</b>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**  
**(Continued)**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total governmental and business-type activities	\$ <u>22,013,941</u>	\$ <u>6,133,460</u>	\$ <u>3,225,756</u>	\$ <u>178,979</u>	(13,176,107)	700,361	(12,475,746)
General revenues:							
Real property taxes and tax items					5,549,620	-	5,549,620
Non-property taxes					6,441,305	-	6,441,305
Interest earnings					72,997	23,454	96,451
State aid not restricted for a specific purpose					1,894,319	-	1,894,319
Other miscellaneous revenues					762,284	-	762,284
Transfers:							
Sewer					39,330	(39,330)	-
Water					279,070	(279,070)	-
Total general revenues and transfers					<u>15,038,925</u>	<u>(294,946)</u>	<u>14,743,979</u>
Change in net position					1,862,818	405,415	2,268,233
Net position - beginning as restated (Note 4)					<u>19,038,465</u>	<u>36,462,672</u>	<u>55,501,137</u>
Net position - ending					\$ <u>20,901,283</u>	\$ <u>36,868,087</u>	\$ <u>57,769,370</u>

**CITY OF BATAVIA, NEW YORK**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**MARCH 31, 2016**

	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,749,440	\$ 1,604,693	\$ 912,732	\$ 8,266,865
Cash - restricted	-	181,073	-	181,073
Receivables (net of allowance for uncollectible receivables)				
Property taxes receivable	1,676,445	-	-	1,676,445
Accounts receivable	375,627	-	131,655	507,282
Loan receivables	-	-	180,199	180,199
State and federal receivables	299,002	133,856	32,795	465,653
Due from other governments	1,353,741	-	-	1,353,741
Due from other funds	1,710,639	-	-	1,710,639
Total assets	\$ 11,164,894	\$ 1,919,622	\$ 1,257,381	\$ 14,341,897
<b>LIABILITIES:</b>				
Accounts payable	\$ 267,565	\$ 249,654	\$ 49,840	\$ 567,059
Accrued liabilities	339,361	-	40,742	380,103
Unearned revenues	1,504,123	-	-	1,504,123
Due to other governments	443,238	-	-	443,238
Due to other funds	-	1,700,639	10,000	1,710,639
Total liabilities	2,554,287	1,950,293	100,582	4,605,162
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue-property taxes	121,693	-	-	121,693
Total deferred inflows of resources	121,693	-	-	121,693
<b>FUND BALANCES (DEFICITS):</b>				
Restricted	4,749,102	-	603,024	5,352,126
Committed	152,611	-	-	152,611
Assigned	1,737,634	-	553,775	2,291,409
Unassigned (deficit)	1,849,567	(30,671)	-	1,818,896
Total fund balances (deficits)	8,488,914	(30,671)	1,156,799	9,615,042
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 11,164,894	\$ 1,919,622	\$ 1,257,381	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	21,518,559
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable and bond premium	(3,970,386)
Installment purchase debt	(658,241)
Due to other governments	(545,344)
Compensated absences	(2,242,805)
Post employment benefits	(3,554,092)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	121,693
Pension liabilities are not due and payable in the current period and therefore are not reported in the funds.	(702,984)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds.	1,319,841
Net position of governmental activities	\$ 20,901,283

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Real property taxes	\$ 5,434,357	\$ -	\$ -	\$ 5,434,357
Real property tax items	416,561	-	-	416,561
Special assessments	-	-	199,976	199,976
Sales and other taxes	6,441,305	-	-	6,441,305
Departmental income	275,356	-	-	275,356
Use of money and property	66,071	771	6,155	72,997
Licenses and permits	84,622	-	-	84,622
Fines and forfeitures	154,983	-	-	154,983
Sale of property and compensation for loss	117,812	-	107,528	225,340
Miscellaneous local sources	596,312	-	5,512	601,824
Federal and state sources	2,486,758	178,979	321,522	2,987,259
	<u>16,074,137</u>	<u>179,750</u>	<u>640,693</u>	<u>16,894,580</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
General government	1,780,112	-	503,504	2,283,616
Police	3,304,715	-	-	3,304,715
Fire	3,342,777	-	-	3,342,777
Public safety	278,550	-	-	278,550
Health	17,120	-	-	17,120
Transportation	2,033,546	-	-	2,033,546
Economic assistance	75,365	-	183,463	258,828
Culture and recreation	777,400	-	-	777,400
Home and community services	263,529	-	415,882	679,411
Refuse and recycling	51,569	-	-	51,569
Employee health benefits	1,758,451	-	20,225	1,778,676
Debt service:				
Principal	545,422	-	-	545,422
Interest	112,650	-	-	112,650
Capital outlay:				
General government	-	204	-	204
Transportation	-	441,365	-	441,365
	<u>14,341,206</u>	<u>441,569</u>	<u>1,123,074</u>	<u>15,905,849</u>
Total expenditures				

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**  
**(Continued)**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	1,732,931	(261,819)	(482,381)	988,731
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers in	225,000	83,069	616,630	924,699
Interfund transfers out	(606,299)	-	-	(606,299)
Installment purchase debt proceeds	-	181,073	-	181,073
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	(381,299)	264,142	616,630	499,473
Net change in fund balances	1,351,632	2,323	134,249	1,488,204
Fund balances - beginning	7,137,282	(32,994)	1,022,550	8,126,838
Fund balances (deficit) - ending	<u>\$ 8,488,914</u>	<u>\$ (30,671)</u>	<u>\$ 1,156,799</u>	<u>\$ 9,615,042</u>

**CITY OF BATAVIA, 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 MARCH 31, 2016**

Net change in fund balances - total governmental funds	\$	1,488,204
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$8,038,491) less construction work in process removed or placed in service (\$6,738,759) exceeded depreciation (\$876,845) in the current period.		422,887
The net effect of various miscellaneous transactions involving capital assets (disposals) is to decrease net position.		(30,527)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.		(301,298)
Decrease in the proportionate share of net pension liability reported in the Statement of Net Position does not provide for or require the use of current financial resources and therefore is not reported as expenditures in the governmental funds (ERS- \$99,025, PFRS- \$209,939)		(308,364)
Decrease in the proportionate share of the net deferred inflow and outflow reported in the statement of net position during the measurement period between the City's contributions and its proportionate share to the total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (ERS- \$200,936, PFRS- \$153,827)		354,763
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Serial bonds principal payment		385,000
Premium liability		3,497
Installment purchase debt payment		70,422
Issuance of new installment purchase debt		(181,073)
Due to other governments		135,842
On the statement of activities, the actual and projected long term expenditures for post employment benefits are reported, whereas on the governmental funds, only the actual expenditures are recorded for post employment benefits.		(208,908)
(Increases) decreases in accrued compensated absences reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		<u>32,373</u>
Change in net position of governmental activities	\$	<u><u>1,862,818</u></u>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF NET POSITION - ENTERPRISE FUNDS**  
**MARCH 31, 2016**

	<b>Sewer</b>	<b>Water</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 7,351,608	\$ 4,759,762	\$ 12,111,370
Cash - restricted	3,519,255	161,891	3,681,146
Accounts receivable	779,297	1,024,067	1,803,364
Due from other governments	-	551,514	551,514
Total current assets	11,650,160	6,497,234	18,147,394
Noncurrent assets:			
Capital assets not being depreciated	300,877	41,935	342,812
Capital assets, net of accumulated depreciation	20,727,966	4,585,687	25,313,653
Total noncurrent assets	21,028,843	4,627,622	25,656,465
Total assets	32,679,003	11,124,856	43,803,859
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension outflows	17,383	24,541	41,924
Deferred pension outflows, contributions subsequent to measurement date	103,239	145,749	248,988
Total deferred outflows of resources	120,622	170,290	290,912
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 34,587	\$ 493,246	\$ 527,833
Accrued liabilities	69,431	40,877	110,308
Bond anticipation note payable	3,720,000	330,000	4,050,000
Compensated absences	15,738	27,903	43,641
Installment purchase debt	34,011	19,002	53,013
Serial bond payables and bond premium	145,437	15,437	160,874
Total current liabilities	4,019,204	926,465	4,945,669
Noncurrent liabilities:			
Compensated absences	141,643	251,125	392,768
Installment purchase debt	108,797	102,621	211,418
Post employment benefits	178,229	201,689	379,918
Serial bond payables and bond premium	736,487	331,487	1,067,974
Net pension liability	84,507	119,304	203,811
Total noncurrent liabilities	1,249,663	1,006,226	2,255,889
Total liabilities	5,268,867	1,932,691	7,201,558
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension inflows	10,418	14,708	25,126
Total deferred inflows of resources	10,418	14,708	25,126
<b>NET POSITION:</b>			
Net investment in capital assets	19,803,366	3,990,966	23,794,332
Restricted for:			
Insurance	21,962	33,484	55,446
Capital projects	3,120,523	2,506,742	5,627,265
Unrestricted	4,574,489	2,816,555	7,391,044
Total net position	\$ 27,520,340	\$ 9,347,747	\$ 36,868,087

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION -**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 2,740,810	\$ 2,615,116	\$ 5,355,926
County water agreement charges	-	1,387,342	1,387,342
Rental of real property	-	550,000	550,000
Other operating revenue	235,550	138,903	374,453
Total operating revenues	<u>2,976,360</u>	<u>4,691,361</u>	<u>7,667,721</u>
<b>OPERATING EXPENSES:</b>			
Salaries, wages and employee benefits	883,771	1,202,473	2,086,244
Contractual expense	635,855	2,692,717	3,328,572
Depreciation	1,354,113	164,023	1,518,136
Total operating expenses	<u>2,873,739</u>	<u>4,059,213</u>	<u>6,932,952</u>
Operating income	<u>102,621</u>	<u>632,148</u>	<u>734,769</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	16,274	7,180	23,454
Interest expense	(21,232)	(13,176)	(34,408)
Operating subsidy to governmental funds	(39,330)	(279,070)	(318,400)
Total non-operating expenses	<u>(44,288)</u>	<u>(285,066)</u>	<u>(329,354)</u>
Change in net position	58,333	347,082	405,415
Net position - beginning as restated (Note 4)	<u>27,462,007</u>	<u>9,000,665</u>	<u>36,462,672</u>
Net position - ending	<u>\$ 27,520,340</u>	<u>\$ 9,347,747</u>	<u>\$ 36,868,087</u>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 4,761,394	\$ 2,526,177	\$ 7,287,571
Cash payments for contractual expenses	(706,548)	(2,918,810)	(3,625,358)
Cash payments to employees for services	(841,839)	(1,181,486)	(2,023,325)
Other operating revenue	235,550	2,076,245	2,311,795
Net cash provided by operating activities	<u>3,448,557</u>	<u>502,126</u>	<u>3,950,683</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Operating subsidy to governmental funds	(39,330)	(279,070)	(318,400)
Net cash used by noncapital financing activities	<u>(39,330)</u>	<u>(279,070)</u>	<u>(318,400)</u>
<b><u>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</u></b>			
Bond anticipation notes payable	3,720,000	330,000	4,050,000
Acquisition and construction of capital assets	(303,244)	(194,872)	(498,116)
Principal payments on debt	(173,183)	(33,934)	(207,117)
Interest paid on debt	(9,826)	(10,825)	(20,651)
Net cash provided by capital and financing activities	<u>3,233,747</u>	<u>90,369</u>	<u>3,324,116</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest on cash and investments	16,274	7,180	23,454
Net cash provided by investing activities	<u>16,274</u>	<u>7,180</u>	<u>23,454</u>
Net increase in cash and cash equivalents	6,659,248	320,605	6,979,853
Cash and cash equivalents - beginning	<u>4,211,615</u>	<u>4,601,048</u>	<u>8,812,663</u>
Cash and cash equivalents - ending	<u>\$ 10,870,863</u>	<u>\$ 4,921,653</u>	<u>\$ 15,792,516</u>
Reconciliation of cash and cash equivalents to statements of financial position:			
Cash and cash equivalents	\$ 7,351,608	\$ 4,759,762	\$ 12,111,370
Restricted	3,519,255	161,891	3,681,146
Total cash and cash equivalents	<u>\$ 10,870,863</u>	<u>\$ 4,921,653</u>	<u>\$ 15,792,516</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 102,621	\$ 632,148	\$ 734,769
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	1,354,113	164,023	1,518,136
Pension expense	(29,363)	(41,455)	(70,818)
Change in assets and liabilities			
Decrease (increase) in:			
Accounts receivable	(14,004)	(113,694)	(127,698)
Due from other governments	2,034,588	24,755	2,059,343
Increase (decrease) in:			
Accounts payable	5,527	712,697	718,224
Accrued liabilities	31,241	(552,120)	(520,879)
Accrued interest	(31,495)	(2,788)	(34,283)
Bond anticipation notes payable	-	(330,000)	(330,000)
Due to other funds	(46,603)	(12,427)	(59,030)
Compensated absences	34,842	15,586	50,428
Other post employment benefits	7,090	5,401	12,491
Net cash provided by operating activities	<u>\$ 3,448,557</u>	<u>\$ 502,126</u>	<u>\$ 3,950,683</u>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF NET POSITION -**  
**FIDUCIARY FUNDS**  
**MARCH 31, 2016**

	<u>Private Purpose Trusts</u>	<u>Agency</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 129,645
Cash and cash equivalents - restricted	<u>21,392</u>	<u>-</u>
Total assets	<u>\$ 21,392</u>	<u>\$ 129,645</u>
<b>LIABILITIES:</b>		
Agency liabilities	<u>\$ -</u>	<u>\$ 129,645</u>
Total liabilities	<u>-</u>	<u>129,645</u>
<b>NET POSITION:</b>		
Restricted trust funds	<u>21,392</u>	<u>-</u>
Total liabilities and net position	<u>\$ 21,392</u>	<u>\$ 129,645</u>

**CITY OF BATAVIA, NEW YORK**  
**STATEMENT OF CHANGES IN NET POSITION -**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Private Purpose Trusts</u>
<b>ADDITIONS:</b>	
Interest	\$ <u>65</u>
Total additions	<u>65</u>
Change in net position	65
Net position - beginning	<u>21,327</u>
Net position - ending	<u>\$ 21,392</u>

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

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

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

**A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and direct revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

**B. REPORTING ENTITY**

The City reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefines and establishes the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing Council, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

According to GASB Statement No. 14, as amended by GASB Statement No. 61, a related organization of a primary government is defined as one in which the government appoints a voting majority of the board, but is not financially accountable for the organization. The City appoints a voting majority of the Batavia Housing Authority's board; however, no financial burden or benefit relationship exists between the City and the Authority. The Authority maintains and runs a senior citizens' housing unit within the City.

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

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF PRESENTATION**

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

**2. FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

For the purposes of the Statement of Cash Flows - Enterprise Funds, the City considers cash to be all unrestricted and restricted cash accounts including demand accounts and certificates of deposit with an original maturity of generally three months or less.

The City reports the following major governmental funds:

General Fund - the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

The City reports the following major enterprise funds:

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

Additionally, the City reports the following fund types:

Special Grant Fund - used to account for community development block grants and other federal and state grants not required to be accounted for in other funds.

Mall Maintenance Fund - used to account for the maintenance of the Batavia City Centre.

Small Cities Fund - used to account for the activity of the City's New York Small Cities Block Grant and U.S. Department of Housing and Urban Development programs.

Self-Insurance Fund - used to account for the City's workers' compensation insurance activity.

Private-Purpose Trust Fund - used to account for contributions made by individuals, for the purpose of providing from the income of such contributions, funds to be utilized for fire protection and indigent citizens of the City.

Agency Fund - used to account for bid deposits, tax redemptions, joint liens and other assets and liabilities that are custodial in nature.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary and private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. BUDGETARY INFORMATION**

**1. BUDGETARY BASIS OF ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, self insurance fund, and mall maintenance fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year. The water and sewer enterprise funds have a budget that is utilized for cost control purposes.

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

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

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended March 31, 2016 expenditures exceeded appropriations in employee health benefits by \$99,811. Overall expenditures did not exceed appropriations in the general fund.

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

**1. CASH AND CASH EQUIVALENTS**

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

**2. RESTRICTED ASSETS**

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

**3. ACCOUNTS RECEIVABLE**

Accounts receivables are carried at their net realizable value. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. The allowance for uncollectible accounts has been established by management, using past history of uncollectible accounts. As of March 31, 2016, the provision for uncollectible accounts amounted to \$41,596 and \$15,286 in the community development and small cities grant funds, respectively.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. CAPITAL ASSETS**

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

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	straight-line	25-50 years
Improvements	50,000	straight-line	10-50 years
Infrastructure	200,000	straight-line	25-50 years
Furniture and equipment	5,000	straight-line	3-20 years
Vehicles	20,000	straight-line	3-5 years

**5. INSURANCE**

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualified for reporting in this category. It is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportional share of total contributions to the pension systems not included in pension expense.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has one type of item related to pensions reported only on the government-wide Statement of Net Position. (See note 3.D)

**7. COMPENSATED ABSENCES**

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

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

Compensated absences for governmental fund type employees are reported as a fund liability and as an expenditure in the government-wide financial statements. A portion of the compensated absences liability recognized is attributed to the value of sick leave converted to pay the employees' share of post-employment health insurance premiums. The compensated absences liability for the Governmental and Enterprise funds at the year-end totaled \$2,242,805 and \$436,409, respectively.

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

**8. POST EMPLOYMENT BENEFITS**

In addition to providing compensated absence and retirement benefits, the City provides post employment health insurance to its retirees in accordance with provisions of the employment contracts negotiated between the City and the Batavia Firefighters Association, I.A.F.F Local 896, the Civil Service Employees Association, CSEA Local 819, the American Federation of State, County and Municipal Employees, AFSCME Local 3632, the Batavia Police Benevolent Association and non-union management. Substantially all employees in these bargaining units may become eligible for these benefits if they meet the retirement eligibility requirements under their contracts while working for the City. The City accounts for these benefits as described in Note 3.E.

**9. LONG-TERM LIABILITIES**

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of serial bonds payable, the City's portion of debt issued by other governments on joint projects, installment purchase debt, other post employment benefits and compensated absences.

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. NET POSITION FLOW ASSUMPTION**

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

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

**11. FUND BALANCE FLOW ASSUMPTION**

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

It is the City's policy that the City Council will assess the current financial condition of the City and then determine the order of application of expenditures to which fund balance classifications will be charged.

**12. FUND BALANCE POLICIES**

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

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

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

**G. REVENUES AND EXPENDITURES/EXPENSES**

**1. PROGRAM REVENUES**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. PROPERTY TAXES**

Real property taxes are levied upon budget adoption and become an enforceable lien on April 1<sup>st</sup>. Taxes are payable in two installments on May 1<sup>st</sup> and August 1<sup>st</sup>. The City assumes enforcement responsibility for all property taxes levied by the County on properties within the City. The City also enforces real property taxes of the Batavia City School District, which are unpaid at January 1<sup>st</sup>. The City pays the County and School District the full amount of the property taxes collected on their behalf. Any amounts which have been collected as of March 31<sup>st</sup> but have not yet been remitted to the School District are included in the account "Due to other governments".

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. The City is permitted by the New York State Constitution to levy taxes up to 2% of the most recent five-year average full valuation of taxable real property. Principal and interest on long-term debt related to Water and Sewer debt (if application filed with Office of State Comptroller) and budgetary appropriations for capital outlay are excludable. In the 2015-16 year, the five-year average full valuation was \$540,828,157 allowing for a maximum tax limit of \$10,816,563 (includes allowance exclusions). The City tax levy was \$5,070,713 for the year ended March 31, 2016.

**3. PROPRIETARY FUNDS – OPERATING AND NONOPERATING REVENUES AND EXPENSES**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and sewer fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**H. USE OF ESTIMATES**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. ACCOUNTING PRONOUNCEMENTS**

During the fiscal year ended March 31, 2016, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The primary objective of Statement No. 68 and No. 71 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The GASB has issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, Statement No. 77, *Tax Abatement Disclosures*, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and Statement No. 79, *Certain External Investment Pools and Pool Participants*, which will be effective for the year ending March 31, 2017;
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; Statement No. 81, *Irrevocable Split-Interest Agreements*; and Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending March 31, 2018;
- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending March 31, 2019; and
- Statement No. 77, *Tax Abatement Disclosures*, which will be effective for the year ending March 31, 2017.

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

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

**A. DEFICIT FUND EQUITY**

At March 31, 2016, the capital projects fund, a major fund, has a deficit fund balance of \$30,671. It is not unusual for a capital projects fund, especially one that finances capital projects mainly by borrowings or transferring from other funds, to report a deficit. This deficit will be eliminated by a transfer in the subsequent fiscal year.

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

**A. DEPOSITS AND INVESTMENTS**

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

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The City's aggregate bank balances were fully collateralized at March 31, 2016.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$181,073, \$3,519,255 and \$161,891 in the Capital, Sewer and Water Funds, respectively, from unexpended bond anticipation note and installment purchase debt proceeds, and \$21,392 in the Private Purpose Trust Fund restricted for fire protection and assistance to citizens.

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Investment and Deposit Policy

The City implemented Governmental Accounting Standards Council Statement No. 40, *Deposit and Investment Risk Disclosures*.

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

Interest Rate Risk

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

Credit Risk

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

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment policy, all deposits of the City including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 106% of the aggregate amount of deposits. The City restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

**B. RECEIVABLES**

Significant revenues accrued by the City at March 31, 2016 include the following:

Capital Fund:

Cedar Street reimbursement	\$ 34,107
Summit Street reimbursement	<u>99,749</u>
Total state and federal receivables	<u>\$ 133,856</u>

Water Fund:

Water rents receivable	\$ 1,020,361
Miscellaneous	<u>3,706</u>
Total receivables	<u>\$ 1,024,067</u>

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Sewer Fund:

Sewer rents receivable	\$ 774,954
Miscellaneous	<u>4,343</u>
Total receivables	<u>\$ 779,297</u>

- a. Due from Other Governments - represents amounts due primarily from the County of Genesee, New York, and other governmental entities. Amounts accrued at March 31, 2016, consist of:

General Fund:

NYS sales tax	\$ 1,336,636
Fines and forfeitures	<u>17,105</u>
Total governmental activities due from other governments	<u>\$ 1,353,741</u>

Water Fund:

City/County water agreement	<u>\$ 551,514</u>
-----------------------------	-------------------

**C. CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2016, was as follows:

**Governmental Activities:**

	Balance 04/01/15	Increases	Decreases	Balance 03/31/16
<u>Capital assets, not being depreciated:</u>				
Land	\$ 1,134,588	\$ -	\$ -	\$ 1,134,588
Construction work in progress	<u>10,076,921</u>	<u>814,635</u>	<u>6,738,759</u>	<u>4,152,797</u>
Total capital assets not being depreciated	<u>11,211,509</u>	<u>814,635</u>	<u>6,738,759</u>	<u>5,287,385</u>
<u>Capital assets, being depreciated:</u>				
Buildings and building improvements	10,105,905	-	-	10,105,905
Machinery, equipment & vehicles	5,940,596	446,459	78,377	6,308,678
Infrastructure	<u>4,089,051</u>	<u>6,777,397</u>	<u>-</u>	<u>10,866,448</u>
Total capital assets, being depreciated	<u>20,135,552</u>	<u>7,223,856</u>	<u>78,377</u>	<u>27,281,031</u>
<u>Less accumulated depreciation:</u>				
Buildings and building improvements	3,291,730	253,996	-	3,545,726
Machinery, equipment & vehicles	3,728,871	268,640	47,850	3,949,661
Infrastructure	<u>3,200,261</u>	<u>354,209</u>	<u>-</u>	<u>3,554,470</u>
Total accumulated depreciation	<u>10,220,862</u>	<u>876,845</u>	<u>47,850</u>	<u>11,049,857</u>
Total capital assets being depreciated, net	<u>9,914,690</u>	<u>6,347,011</u>	<u>30,527</u>	<u>16,231,174</u>
Governmental activities capital assets, net	<u>\$ 21,126,199</u>	<u>\$ 7,161,646</u>	<u>\$ 6,769,286</u>	<u>\$ 21,518,559</u>

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

**Governmental activities:**

General government	\$ 170,437
Public safety	100,414
Transportation	475,219
Culture and recreation	114,335
Home and community services	16,440
Total depreciation expense - governmental activities	<u>\$ 876,845</u>

**Business-Type Activities:**

	Balance 04/01/15	Increases	Decreases	Balance 03/31/16
<u>Capital assets, not being depreciated:</u>				
Land	\$ 41,500	\$ -	\$ -	\$ 41,500
Construction work in progress	<u>1,339,481</u>	<u>301,312</u>	<u>1,339,481</u>	<u>301,312</u>
Total capital assets not being depreciated	<u>1,380,981</u>	<u>301,312</u>	<u>1,339,481</u>	<u>342,812</u>
<u>Capital assets, being depreciated:</u>				
Buildings and building improvements	41,427,000	168,109	-	41,595,109
Machinery, equipment & vehicles	1,338,044	48,346	-	1,386,390
Infrastructure	<u>14,762,136</u>	<u>1,339,482</u>	<u>-</u>	<u>16,101,618</u>
Total capital assets, being depreciated	<u>57,527,180</u>	<u>1,555,937</u>	<u>-</u>	<u>59,083,117</u>
<u>Less accumulated depreciation:</u>				
Buildings and building improvements	25,162,726	1,044,628	-	26,207,354
Machinery, equipment & vehicles	731,752	87,713	-	819,465
Infrastructure	<u>6,356,850</u>	<u>385,795</u>	<u>-</u>	<u>6,742,645</u>
Total accumulated depreciation	<u>32,251,328</u>	<u>1,518,136</u>	<u>-</u>	<u>33,769,464</u>
Total capital assets, being depreciated - net	<u>25,275,852</u>	<u>37,801</u>	<u>-</u>	<u>25,313,653</u>
Business-type activities capital assets, net	<u>\$ 26,656,833</u>	<u>\$ 339,115</u>	<u>\$ 1,339,481</u>	<u>\$ 25,656,465</u>

**D. PENSION OBLIGATIONS**

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

**PLAN DESCRIPTION AND BENEFITS PROVIDED**

The City participates in the New York State and Local Police and Fire Retirement system (PFRS) and the New York State and Local Employees' Retirement system (ERS), which are collectively referred to as the New York State and Local Retirement System (the System). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement fund (the fund), which was established to hold all assets record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the fund and is the administrative head of the system. System benefits are established under the provisions of the NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only be enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At March 31, 2016, the City reported a liability of \$906,795 (ERS \$497,099 and PFRS \$409,696) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2015, the City's proportion of the net pension liability was .0147147 percent for ERS and .14884 percent for PFRS.

For the year ended March 31, 2016, the City recognized pension expense of \$209,673. At March 31, 2016 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,320	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	223,889	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	<u>-</u>	<u>180,220</u>
Total	<u>\$ 289,209</u>	<u>\$ 180,220</u>
City's contributions subsequent to the measurement date	<u>\$ 1,476,638</u>	<u>\$ -</u>

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The amount of \$1,107,546 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:		
2016	\$	30,724
2017		30,724
2018		30,724
2019		30,724
2020		(13,907)
Thereafter		-

**ACTUARIAL ASSUMPTIONS**

The total pension liability as of the March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.7%	2.7%
Salary increases	4.9	6.0
Investment rate of return (net of investment expense, including inflation)	7.5	7.5

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 the System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

Measurement Date <b>Asset Class:</b>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u> <u>PFRS and ERS</u> <u>March 31, 2015</u>
Domestic equities	38.0%	7.3%
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bond and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
Total	<u>100.0%</u>	

**DISCOUNT RATE**

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION**

The following tables present the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
<b>ERS</b>			
City's proportionate share of the net pension liability (asset)	\$3,313,382	\$ 497,099	(\$1,880,542)
<b>PFRS</b>			
City's proportionate share of the net pension liability (asset)	\$5,454,891	\$ 409,696	(\$3,818,482)

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**PENSION PLAN FIDUCIARY NET POSITION**

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

	ERS	PFRS (Dollars in Thousands)	Total
Employers' total pension liability	\$ 164,591,504	\$ 28,474,417	\$ 193,065,921
Plan net position	<u>161,213,259</u>	<u>28,199,157</u>	<u>189,412,416</u>
Employers' net pension liability	<u>\$ 3,378,245</u>	<u>\$ 275,260</u>	<u>\$ 3,653,505</u>
Ratio of Plan net position to the Employers' total pension liability	97.9%	99.0%	98.1%

**E. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)**

***City of Batavia Retiree Medical Plan (the Plan)***

**PLAN DESCRIPTION**

The City of Batavia (the City), administers the Plan as a single-employer defined benefit OPEB plan. The Plan provides for continuation of health insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

**FUNDING POLICY**

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

**ACCOUNTING POLICY**

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

**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). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the City's net OPEB obligation to the Plan at March 31, 2016.

Annual required contribution (ARC)	\$ 818,303
Interest on net OPEB obligation	121,451
Adjustment to ARC	<u>(175,588)</u>
Annual OPEB cost (expense)	764,168
Contributions for fiscal year ended March 31, 2016	<u>(542,768)</u>
Increase in net OPEB obligation	221,400
Net OPEB obligation - beginning of year	<u>3,712,610</u>
Net OPEB obligation - end of year	<u>\$ 3,934,010</u>
Percentage of expense contributed	71.03%

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The City's annual OPEB cost, contribution, percentage of OPEB cost contributed, and net post employment benefit obligation for the Plan for the current fiscal year ended March 31, 2016 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 764,168	\$ 542,768	71.03%	\$3,934,010
2015	764,166	314,727	41.19%	3,712,610
2014	762,166	537,269	70.49%	3,263,171

**FUNDED STATUS AND FUNDING PROGRESS**

As of April 1, 2013, the most recent actuarial valuation, the actuarial accrued liability for benefits was \$9,225,643, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the unfunded actuarial accrued liability to the covered payroll was not available. The total post employment health insurance cost to the city for 32 retirees was \$542,768 for the year ended March 31, 2016.

Actuarial valuations for OPEB involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**METHODS AND ASSUMPTIONS**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following assumptions were made:

The April 1, 2013 actuarial valuation utilized the entry age actuarial cost method. The actuarial valuation included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the City's own assets, and an annual healthcare cost trend of 19 percent initially, reduced by decrements to an ultimate rate of 5 percent after 4 years for participants under age 65 and 7 percent initially reduced by decrements to an ultimate rate of 5 percent after 4 years for participants over age 65. Both rates included a 2.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period is not to exceed thirty years.

**F. COMMITMENTS**

**ENCUMBRANCES**

As discussed in Note 1.E.1, Budgetary Information, Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$262,634 in the General Fund.

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**CONSTRUCTION COMMITMENTS**

The City has ongoing construction capital projects related to various infrastructure throughout the City. The total of these commitments amounted to approximately \$2,400,000 at year end.

**COUNTY WATER AGREEMENT**

During the year ended March 31, 2008, the City entered into an agreement with Genesee County whereby the County has assumed responsibility for the production, treatment, operation, maintenance and/or supply of municipal water. Under the terms of the agreement, the County has agreed to lease the City's water supply and treatment facilities for a term not to exceed 10 years. The agreement also calls for the transfer of title to, access to, and/or rights to the County for certain machinery and equipment used in connection with the water supply and treatment facility. In addition, the City entered into an operational agreement with the County to operate and maintain the facilities.

In exchange, the City has agreed to purchase water from the County on a wholesale basis. The City rate for city water customers in effect for the fiscal year ended March 31, 2016 was \$4.62 per 1,000 gallons for the first 300,000 gallons and \$3.85 per 1,000 gallons over 300,000 gallons. This rate is subject to adjustment on April 1<sup>st</sup> of each subsequent year. Subsequent to year end, these rates were increased to \$4.78 per 1,000 gallons.

**G. RISK MANAGEMENT**

**RISK FINANCING AND RELATED INSURANCE**

**HEALTH INSURANCE PLAN**

The City independently self-insures costs related to an employee health insurance plan (the Plan). The Plan's objectives are to formulate, develop, and administer a health insurance program to obtain lower costs for coverage, and to develop a comprehensive loss control program. The Plan uses reinsurance agreements to reduce exposure to large losses on insured events. Reinsurance permits recovery of a portion of the losses from the reinsurer, although it does not discharge the liability of the Plan as a direct insurer of the risks reinsured.

Since actual claim costs depend on complex factors, the process of computing claim liabilities does not necessarily result in an exact amount. Such liabilities are based on the ultimate cost of claims (including future claim adjustment expenses) that have been incurred but not charged or credited to expense in the periods in which they are made. As of March 31, 2016, the City recorded liabilities in the amounts of \$101,826, \$10,622 and \$9,645 in the General, Water and Sewer Funds, respectively, for incurred but not reported insured events.

**WORKERS' COMPENSATION PLAN**

The City was previously independently self-insured for costs related to an employee workers' compensation plan (the Plan). However, during the fiscal year ended March 31, 2009, the City changed to a premium based plan. Any claims incurred during the period in which the City was independently self-insured continue to be the responsibility of the City. The formerly self-insured Plan's objectives were to formulate, develop, and administer a workers' compensation program to obtain lower costs for coverage, and to develop a comprehensive loss control program. The former Plan uses reinsurance agreements to reduce exposure to large losses on insured events. Reinsurance permits recovery of a portion of the losses from the reinsurer, although it does not discharge the liability of the Plan as a direct insurer of the risks reinsured.

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Since actual claim costs depend on complex factors, the process of computing claim liabilities does not necessarily result in an exact amount. Such liabilities are based on the ultimate cost of claims (including future claim adjustment expenses) that have been incurred but not charged or credited to expense in the periods in which they are made. As of March 31, 2016, the City has recorded a liability for future costs associated with open claims of \$40,515. The City has not consulted an actuary and has not estimated a liability for incurred but not reported claim liabilities. Claim activity consists of open claims being revalued and payment on claims. Estimated claims as of March 31, 2014 and 2015 were \$41,513 and \$58,017, respectively.

**H. SHORT-TERM DEBT**

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

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

The schedule below details the changes in short-term capital borrowings during the year ended March 31, 2016:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance 04/1/15</u>	<u>Issued</u>	<u>Redemptions</u>	<u>Balance 03/31/16</u>
<b>Governmental Activities:</b>						
Highway Improvements	2014	1.00%	\$ <u>1,700,000</u>	\$ <u>          -</u>	\$ <u>1,700,000</u>	\$ <u>          -</u>
<b>Business-Type Activities:</b>						
Sanitary Sewer System Improvements	2015	1.00%	\$ <u>          -</u>	\$ <u>3,720,000</u>	\$ <u>          -</u>	\$ <u>3,720,000</u>
Replacement of Water Treatment Roof	2015	1.00%	\$ <u>          -</u>	\$ <u>330,000</u>	\$ <u>          -</u>	\$ <u>330,000</u>
Total business-type activities:			\$ <u>          -</u>	\$ <u>4,050,000</u>	\$ <u>          -</u>	\$ <u>4,050,000</u>

**I. LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at March 31, 2016 are as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 03/31/16</u>
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
Dwyer and BID - Refunding	2011	\$ 1,200,000	2-3.125%	2020	\$ 645,000
City Centre - Refunding	2014	2,856,000	2-3.750%	2033	2,716,000
Various Projects	2005	1,795,000	4-5.000%	2021	550,000
					\$ <u>3,911,000</u>

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Business-Type Activities**

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 03/31/16</u>
<u>General Obligation Bonds:</u>					
State clean water and drinking water	1999	\$ 2,165,590	3.48-5.43%	2019	\$ 535,000
City Centre - Refunding	2014	714,000	2-3.750%	2033	<u>679,000</u>
					<u>\$1,214,000</u>

**LEGAL DEBT MARGIN**

The City is subject to a debt limit that is 9.0 percent of the five-year average of the full valuation of taxable real property. At March 31, 2016, that amount was \$48,674,534. As of March 31, 2016, the total outstanding debt applicable to the limit was \$4,785,500 which is 9.8 percent of the total debt limit.

**CHANGES IN LONG-TERM LIABILITIES**

Changes in the government's long-term liabilities for the year ended March 31, 2016 are as follows:

	<u>Balance 04/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 03/31/16</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 4,296,000	\$ -	\$ 385,000	\$ 3,911,000	\$ 385,000
Unamortized premium	<u>62,883</u>	<u>-</u>	<u>3,497</u>	<u>59,386</u>	<u>3,497</u>
Total bonds payable	4,358,883	-	388,497	3,970,386	388,497
Due to other governments:					
Courthouse	184,500	-	90,000	94,500	94,500
Dwyer Stadium	186,328	-	34,810	151,518	-
Landfill	<u>310,358</u>	<u>-</u>	<u>11,032</u>	<u>299,326</u>	<u>17,607</u>
Total due to other governments	681,186	-	135,842	545,344	112,107
Installment purchase debt	547,590	181,073	70,422	658,241	96,747
Compensated absences	2,275,178	-	32,373	2,242,805	227,518
Net other post employment benefit obligation	<u>3,345,184</u>	<u>721,053</u>	<u>512,145</u>	<u>3,554,092</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 11,021,693</u>	<u>\$ 389,981</u>	<u>\$ 627,134</u>	<u>\$ 10,970,868</u>	<u>\$ 824,869</u>
<b>Business-Type Activities</b>					
Bonds Payable					
General obligation bonds	\$ 1,369,000	\$ -	\$ 155,000	\$1,214,000	\$ 160,000
Unamortized premium	<u>15,721</u>	<u>-</u>	<u>873</u>	<u>14,848</u>	<u>874</u>
Total bonds payable	1,384,721	-	155,873	1,228,848	160,874
Installment purchase debt	316,550	-	52,119	264,431	53,013
Compensated absences	385,981	50,428	-	436,409	43,641
Net other post employment benefit obligation	<u>367,426</u>	<u>43,115</u>	<u>30,623</u>	<u>379,918</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 2,454,678</u>	<u>\$ 62,920</u>	<u>\$ 207,992</u>	<u>\$2,309,606</u>	<u>\$ 257,528</u>

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The debt service requirements for the government's bonds and installment purchase debt are as follows:

**Governmental Activities**

Year ending May 31,	Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2017	\$ 385,000	\$ 127,575	\$ 96,750	\$ 14,014
2018	363,000	115,475	113,674	10,232
2019	363,000	103,665	118,168	8,092
2020	362,000	91,930	119,188	5,870
2021	358,000	80,115	120,269	3,659
2022-2026	724,000	310,340	90,192	1,536
2027-2031	852,000	189,312	-	-
2032-2036	504,000	38,550	-	-
Total	\$ 3,911,000	\$ 1,056,962	\$ 658,241	\$ 43,403

Year ending May 31,	Total Governmental Activities	
	Principal	Interest
2017	\$ 481,747	\$ 141,589
2018	476,674	125,707
2019	481,168	111,757
2020	481,188	97,800
2021	478,269	83,774
2022-2026	814,195	311,876
2027-2031	852,000	189,312
2032-2036	504,000	38,550
Total	\$ 4,569,241	\$ 1,100,365

**Business Activities**

Year ending May 31,	Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2017	\$ 160,000	\$ 27,983	\$ 58,823	\$ 4,746
2018	162,000	25,562	55,585	3,728
2019	167,000	22,908	57,401	2,707
2020	173,000	20,028	42,744	1,652
2021	32,000	18,184	54,878	1,518
2022-2026	181,000	77,588	-	-
2027-2031	213,000	47,328	-	-
2032-2036	126,000	9,696	-	-
Total	\$ 1,214,000	\$ 249,277	\$ 264,431	\$ 14,351

Year ending May 31,	Total Business-Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2017	\$ 213,824	\$ 32,729	\$ 695,571	\$ 174,288
2018	217,585	29,290	694,259	154,997
2019	224,401	25,615	705,569	137,372
2020	215,744	21,680	696,932	119,480
2021	86,879	19,702	565,148	103,476
2022-2026	181,000	77,588	995,195	389,464
2027-2031	213,000	47,328	1,065,000	236,640
2032-2036	126,000	9,696	630,000	48,246
Total	\$ 1,478,433	\$ 263,628	\$ 6,047,674	\$ 1,363,993

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**J. FUND BALANCE**

DETAIL OF FUND BALANCES

As of March 31, 2016, fund balances were classified as follows:

	<u>General</u>	<u>Capital</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Restricted:</u>				
Retirement contribution	\$ 433,895	\$ -	\$ -	\$ 433,895
Employee benefit accrued liability	7,702	-	-	7,702
Insurance	770,359	-	-	770,359
Capital projects	3,384,263	-	-	3,384,263
Repairs	145,192	-	-	145,192
Other-EMS	7,691	-	-	7,691
Small cities	-	-	159,863	159,863
Special Grant	-	-	443,161	443,161
<u>Committed:</u>				
Vibrant Batavia	52,611	-	-	52,611
Comprehensive plan	100,000	-	-	100,000
<u>Assigned:</u>				
Encumbrances-				
General government	39,705	-	-	39,705
Public safety	100,453	-	-	100,453
Transportation	34,994	-	-	34,994
Culture and recreation	5,291	-	-	5,291
Home and community	6,342	-	-	6,342
Economic assistance and opportunity	75,849	-	-	75,849
Police equipment	50,000	-	-	50,000
Fire equipment	150,000	-	-	150,000
DPW equipment	200,000	-	-	200,000
Dwyer Stadium	125,000	-	-	125,000
Facilities	400,000	-	-	400,000
Sidewalk	150,000	-	-	150,000
Administrative services equipment and software	50,000	-	-	50,000
Employee benefits	75,000	-	-	75,000
Subsequent years' expenditures	275,000	-	-	275,000
Self insurance	-	-	466,502	466,502
Mall Maintenance	-	-	87,273	87,273
<u>Unassigned:</u>				
General Fund	1,849,567	-	-	1,849,567
Capital projects	-	(30,671)	-	(30,671)
Total	<u>\$8,488,914</u>	<u>\$ (30,671)</u>	<u>\$ 1,156,799</u>	<u>\$9,615,042</u>

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

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**K. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of March 31, 2016 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital	\$ 1,700,639
General	Community Development	<u>10,000</u>
Total		<u>\$ 1,710,639</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**L. INTERFUND TRANSFERS**

The composition of interfund transfers as of March 31, 2016 is as follows:

***Interfund transfers:***

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u> <u>Transfers In</u>
General	\$ -	\$ 225,000	\$ -	\$ 225,000
Capital Projects	83,069	-	-	83,069
Community Development	125,000	-	-	125,000
Self-Insurance	<u>398,230</u>	<u>54,070</u>	<u>39,330</u>	<u>491,630</u>
<b>Total Transfers Out</b>	<u>\$ 606,299</u>	<u>\$ 279,070</u>	<u>\$ 39,330</u>	<u>\$ 924,699</u>

During the year, transfers were made per the adopted budget for various purposes.

**M. AGENCY FUND**

An agency fund exists for employee withholding and temporary deposit funds. The following is a summary of changes in assets and liabilities for the year ended March 31, 2016:

	<u>Balance</u> <u>04/01/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/2016</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>121,383</u>	\$ <u>49,107</u>	\$ <u>40,845</u>	\$ <u>129,645</u>
<b><u>LIABILITIES</u></b>				
Agency liabilities	\$ <u>121,383</u>	\$ <u>49,107</u>	\$ <u>40,845</u>	\$ <u>129,645</u>

**N. CONTINGENCIES**

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

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

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

**O. LANDFILL CLOSURE COSTS**

The City has been identified by the United States Environmental Protection Agency (EPA) as a responsible party which can be held liable for a portion of the long-term maintenance and operation of a landfill site in the Town of Batavia.

The cost for the long-term maintenance and operation of the landfill has been estimated to be approximately \$427,820. All parties designated as potentially responsible parties by the EPA participated in a Pilot Allocation Program. As a result of the Pilot Allocation Program, 75% of the long-term operation and maintenance costs have been allocated to the City, or \$299,326. As of March 31, 2016, a liability has been recorded in the Governmental activities funds for future maintenance and operation costs.

**P. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 22, 2016 which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles other than the City elected to become self-insured related to workmans' compensation subsequent to the fiscal year end.

**NOTE 4 - RESTATEMENT OF FUND BALANCE/NET POSITION**

*Net Position*

For the fiscal year ended March 31, 2016, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of Statements No. 68 and No. 71 resulted in the reporting of deferred outflow of resources, a pension liability and deferred inflow of resources related to the City's participation in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The City's net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position beginning of year, as previously stated	\$ 18,468,007	\$ 36,471,515
GASB Statement No. 68 and No. 71 implementation:		
Beginning System liability	(1,011,948)	(272,624)
Beginning deferred outflows of resources for contributions subsequent to the measurement date	<u>1,582,406</u>	<u>263,781</u>
Net position beginning of year, as restated	<u>\$ 19,038,465</u>	<u>\$ 36,462,672</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BATAVIA, NEW YORK**  
**SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
04/01/13	\$ -	\$ 9,225,643	\$ 9,225,643	0.00%	Not available	Not available
04/01/10	-	7,147,986	7,147,986	0.00%	Not available	Not available
04/01/08	-	9,222,599	9,222,599	0.00%	Not available	Not available

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
March 31, 2014	818,303	537,269	65.66%
March 31, 2015	818,303	314,727	38.46%
March 31, 2016	818,303	542,768	66.33%

**CITY OF BATAVIA, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
<b>REVENUES:</b>				
Real property taxes	\$ 5,070,713	\$ 5,070,713	\$ 5,434,357	\$ 363,644
Real property tax items	239,590	239,590	416,561	176,971
Sales and other taxes	6,570,000	6,570,000	6,441,305	(128,695)
Departmental income	299,449	299,449	275,356	(24,093)
Use of money and property	51,500	51,500	66,071	14,571
Licenses and permits	85,300	85,300	84,622	(678)
Fines and forfeitures	108,108	108,108	154,983	46,875
Sale of property and compensation for loss	3,300	26,565	117,812	91,247
Miscellaneous local sources	75,370	515,870	596,312	80,442
Federal and state sources	2,255,142	2,582,274	2,486,758	(95,516)
<b>Total revenues</b>	<u>14,758,472</u>	<u>15,549,369</u>	<u>16,074,137</u>	<u>524,768</u>
<b>EXPENDITURES:</b>				
General government	2,495,917	2,084,992	1,780,112	304,880
Public safety	8,165,815	7,580,720	6,926,042	654,678
Health	18,960	18,640	17,120	1,520
Transportation	2,453,778	2,323,182	2,033,546	289,636
Economic assistance	20,000	164,922	75,365	89,557
Culture and recreation	899,580	866,889	777,400	89,489
Home and community services	359,620	330,016	263,529	66,487
Refuse and recycling	62,430	62,430	51,569	10,861
Employee health benefits	12,030	1,658,640	1,758,451	(99,811)
Debt service:				
Principal	545,421	545,422	545,422	-
Interest	171,680	171,680	112,650	59,030
<b>Total expenditures</b>	<u>15,205,231</u>	<u>15,807,533</u>	<u>14,341,206</u>	<u>1,466,327</u>
Excess (deficit) of revenues over expenditures	(446,759)	(258,164)	1,732,931	1,991,095
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfers in	230,500	230,500	225,000	(5,500)
Interfund transfers out	(599,533)	(1,162,782)	(606,299)	556,483
<b>Total other financing sources (uses)</b>	<u>(369,033)</u>	<u>(932,282)</u>	<u>(381,299)</u>	<u>550,983</u>
Net change in fund balance *	(815,792)	(1,190,446)	1,351,632	2,542,078
Fund balance - beginning of year	7,137,282	7,137,282	7,137,282	-
Fund balance - end of year	<u>\$ 6,321,490</u>	<u>\$ 5,946,836</u>	<u>\$ 8,488,914</u>	<u>\$ 2,542,078</u>

\* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

**CITY OF BATAVIA, NEW YORK**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EMPLOYEES' AND POLICE AND FIRE RETIREMENT SYSTEMS**  
**MARCH 31, 2016**

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2015	March 31, 2015
City's proportion of the net pension liability	0.0147147%	0.1488400%
City's proportionate share of the net pension liability (asset)	\$ 497,099	\$ 409,696
City's covered-employee payroll	\$ 6,192,701	\$ 7,397,078
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.03%	5.54%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	99.0%

**CITY OF BATAVIA**  
**SCHEDULE OF CITY'S CONTRIBUTIONS - EMPLOYEES'**  
**AND POLICE AND FIRE RETIREMENT SYSTEMS**  
**LAST 10 FISCAL YEARS**  
**MARCH 31,**

	EMPLOYEES' RETIREMENT SYSTEM									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	**	**	**	**	\$ 362,460	\$ 469,774	\$ 606,689	\$ 692,924	\$ 649,211	\$ 612,804
Contributions in relation to the contractually required contribution	**	**	**	**	\$ 362,460	\$ 469,774	\$ 606,689	\$ 692,924	\$ 649,211	\$ 612,804
Contribution deficiency (excess)	**	**	**	**	-	-	-	-	-	-
City's covered-employee payroll	**	**	**	**	\$ 3,567,469	\$ 3,371,941	\$ 3,495,890	\$ 4,214,806	\$ 3,748,962	\$ 6,192,701
Contributions as a percentage of covered-employee payroll	**	**	**	**	10%	14%	17%	16%	17%	10%
	<b>POLICE AND FIRE RETIREMENT SYSTEM</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Contractually required contribution	**	**	**	**	\$ 900,035	\$ 740,124	\$ 1,156,334	\$ 677,447	\$ 1,213,742	\$ 877,335
Contributions in relation to the contractually required contribution	**	**	**	**	\$ 900,035	\$ 740,124	\$ 1,156,334	\$ 677,447	\$ 1,213,742	\$ 877,335
Contribution deficiency (excess)	**	**	**	**	-	-	-	-	-	-
City's covered-employee payroll	**	**	**	**	\$ 4,536,284	\$ 4,804,995	\$ 4,517,179	\$ 3,542,840	\$ 4,249,199	\$ 7,397,078
Contributions as a percentage of covered-employee payroll	**	**	**	**	20%	15%	26%	19%	29%	12%

\*\* Information unavailable

**SECTION B**  
**SUPPLEMENTAL SCHEDULES**

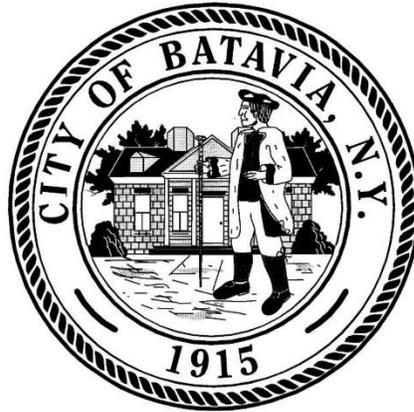
**CITY OF BATAVIA, NEW YORK**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**MARCH 31, 2016**

	<u>Self Insurance</u>	<u>Mall Maintenance Fund</u>	<u>Small Cities Fund</u>	<u>Special Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 417,066	\$ 62,841	\$ 95,025	\$ 337,800	\$ 912,732
Accounts receivable	89,951	41,704	-	-	131,655
Loan receivables (net of allowance for uncollectible accounts)	-	-	64,838	115,361	180,199
State and federal receivables	-	-	-	32,795	32,795
<b>Total assets</b>	<b>\$ 507,017</b>	<b>\$ 104,545</b>	<b>\$ 159,863</b>	<b>\$ 485,956</b>	<b>\$ 1,257,381</b>
<b>LIABILITIES:</b>					
Accounts payable	-	17,045	-	32,795	49,840
Accrued liabilities	40,515	227	-	-	40,742
Due to other funds	-	-	-	10,000	10,000
<b>Total liabilities</b>	<b>40,515</b>	<b>17,272</b>	<b>-</b>	<b>42,795</b>	<b>100,582</b>
<b>FUND BALANCES:</b>					
Restricted	-	-	159,863	443,161	603,024
Assigned	466,502	87,273	-	-	553,775
<b>Total fund balances</b>	<b>466,502</b>	<b>87,273</b>	<b>159,863</b>	<b>443,161</b>	<b>1,156,799</b>
<b>Total liabilities and fund balances</b>	<b>\$ 507,017</b>	<b>\$ 104,545</b>	<b>\$ 159,863</b>	<b>\$ 485,956</b>	<b>\$ 1,257,381</b>

**CITY OF BATAVIA, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Self Insurance</u>	<u>Mall Maintenance Fund</u>	<u>Small Cities Fund</u>	<u>Special Grant Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>					
Special assessments	\$ -	\$ 199,976	\$ -	\$ -	\$ 199,976
Sale of property and compensation for loss	107,528	-	-	-	107,528
Use of money and property	610	511	972	4,062	6,155
Miscellaneous local sources	-	-	4,578	934	5,512
Federal and state sources	-	-	-	321,522	321,522
Total revenues	<u>108,138</u>	<u>200,487</u>	<u>5,550</u>	<u>326,518</u>	<u>640,693</u>
<b>EXPENDITURES:</b>					
General government	503,504	-	-	-	503,504
Economic assistance and opportunity	-	183,463	-	-	183,463
Home and community services	-	-	10,000	405,882	415,882
Employee benefits	20,225	-	-	-	20,225
Total expenditures	<u>523,729</u>	<u>183,463</u>	<u>10,000</u>	<u>405,882</u>	<u>1,123,074</u>
Excess (deficit) of revenues over expenditures	<u>(415,591)</u>	<u>17,024</u>	<u>(4,450)</u>	<u>(79,364)</u>	<u>(482,381)</u>
<b>OTHER FINANCING SOURCES:</b>					
Interfund transfers in	<u>491,630</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>616,630</u>
Total other financing sources	<u>491,630</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>616,630</u>
Net change in fund balances	76,039	17,024	(4,450)	45,636	134,249
Fund balances - beginning	<u>390,463</u>	<u>70,249</u>	<u>164,313</u>	<u>397,525</u>	<u>1,022,550</u>
Fund balances - ending	<u>\$ 466,502</u>	<u>\$ 87,273</u>	<u>\$ 159,863</u>	<u>\$ 443,161</u>	<u>\$ 1,156,799</u>

# STATISTICAL SECTION



**THE CITY OF BATAVIA, NEW YORK  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 4,908,269	\$ 3,682,447	\$ 4,178,661	\$ 9,479,379	\$ 9,338,037	\$ 10,581,763	\$ 12,209,993	\$ 11,905,352	\$ 14,570,319	\$ 16,889,932
Restricted	810,479	852,816	994,628	1,464,008	1,652,843	2,753,954	3,235,150	3,934,447	4,544,368	5,352,126
Unrestricted	(3,162,434)	(199,528)	1,299,473	(1,424,655)	722,455	(438,729)	(1,388,971)	516,085	(646,680)	(1,340,775)
Total governmental activities net position	<u>\$ 2,556,314</u>	<u>\$ 4,335,735</u>	<u>\$ 6,472,762</u>	<u>\$ 9,518,732</u>	<u>\$ 11,713,335</u>	<u>\$ 12,896,988</u>	<u>\$ 14,056,172</u>	<u>\$ 16,355,884</u>	<u>\$ 18,468,007</u>	<u>\$ 20,901,283</u>
Business-type activities										
Net investment in capital assets	\$ 28,861,985	\$ 28,231,201	\$ 28,058,887	\$ 27,870,822	\$ 28,142,035	\$ 26,342,641	\$ 25,783,944	\$ 25,189,741	\$ 24,955,563	\$ 23,794,332
Restricted	1,130,577	1,158,447	1,181,784	3,328,602	3,354,776	3,445,439	3,345,929	3,572,575	3,677,273	5,682,711
Unrestricted	(2,174,245)	(608,965)	1,264,080	1,580,956	2,066,240	4,043,356	5,050,800	5,630,336	7,838,679	7,391,044
Total business-type activities net position	<u>\$ 27,818,317</u>	<u>\$ 28,780,683</u>	<u>\$ 30,504,751</u>	<u>\$ 32,780,380</u>	<u>\$ 33,563,051</u>	<u>\$ 33,831,436</u>	<u>\$ 34,180,673</u>	<u>\$ 34,392,652</u>	<u>\$ 36,471,515</u>	<u>\$ 36,868,087</u>
Primary government										
Net investment in capital assets	\$ 33,770,254	\$ 31,913,648	\$ 32,237,548	\$ 37,350,201	\$ 37,480,072	\$ 36,924,404	\$ 37,993,937	\$ 37,095,093	\$ 39,525,882	\$ 40,684,264
Restricted	1,941,056	2,011,263	2,176,412	4,792,610	5,007,619	6,199,393	6,581,079	7,507,022	8,221,641	11,034,837
Unrestricted	(5,336,679)	(808,493)	2,563,553	156,301	2,788,695	3,604,627	3,661,829	6,146,421	7,191,999	6,050,269
Total primary government net position	<u>\$ 30,374,631</u>	<u>\$ 33,116,418</u>	<u>\$ 36,977,513</u>	<u>\$ 42,299,112</u>	<u>\$ 45,276,386</u>	<u>\$ 46,728,424</u>	<u>\$ 48,236,845</u>	<u>\$ 50,748,536</u>	<u>\$ 54,939,522</u>	<u>\$ 57,769,370</u>
Component unit										
Unrestricted	\$ 65,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total component unit net position	<u>\$ 65,814</u>	<u>\$ -</u>								

Note: Prior years' information not available on accrual basis

**THE CITY OF BATAVIA, NEW YORK  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,589,088	\$ 2,174,146	\$ 2,225,261	\$ 2,087,496	\$ 2,013,196	\$ 2,276,888	\$ 2,105,186	\$ 2,029,611	\$ 3,203,669	\$ 2,555,179
Police	3,197,708	3,370,341	3,424,745	3,674,633	3,592,305	3,488,727	3,678,310	3,660,561	4,002,077	3,977,937
Fire	2,940,483	2,512,002	3,463,953	3,610,959	3,696,009	4,035,627	4,026,563	3,695,556	4,205,951	3,968,773
Public safety	369,211	383,833	622,371	440,933	244,727	315,057	275,453	301,932	392,071	402,590
Health	15,257	13,836	23,682	32,315	31,791	34,375	30,697	20,030	19,813	19,850
Transportation	1,417,681	1,866,908	1,923,767	1,965,119	2,012,647	2,371,102	2,370,839	2,874,042	2,046,376	2,265,625
Economic assistance	330,025	184,894	228,214	274,693	159,906	309,113	375,154	300,387	238,534	258,828
Culture and recreation	914,025	829,920	999,032	1,041,339	918,691	1,028,749	893,044	929,423	1,072,865	1,019,811
Home and community services	749,656	307,627	351,394	249,199	417,182	2,100,300	741,545	603,024	498,437	417,325
Refuse and recycling	1,124,522	1,099,393	980,343	989,570	973,865	1,051,574	1,065,484	224,845	56,957	51,510
Interest on debt	351,539	441,160	452,039	405,587	333,648	295,151	244,671	287,564	203,156	109,153
Total governmental activities expenses	13,999,195	13,184,060	14,694,801	14,771,843	14,393,967	17,306,663	15,806,946	14,926,975	15,939,906	15,046,581
Business-type activities:										
Ambulance	2,380,827	2,744,674	2,451,870	1,198,306	-	-	-	-	-	-
Sewer	2,883,545	2,740,527	2,367,436	2,630,672	2,492,484	2,578,846	2,645,296	2,732,914	2,704,554	2,894,971
Water	3,707,185	3,572,209	3,749,050	3,788,922	3,834,050	3,829,075	3,725,993	3,925,812	4,308,559	4,072,389
Total business-type activities expenses	8,971,557	9,057,410	8,568,356	7,617,900	6,326,534	6,407,921	6,371,289	6,658,726	7,013,113	6,967,360
Total primary government expenses	\$ 22,970,752	\$ 22,241,470	\$ 23,263,157	\$ 22,389,743	\$ 20,720,501	\$ 23,714,584	\$ 22,178,235	\$ 21,585,701	\$ 22,953,019	\$ 22,013,941
Component Unit:										
BRRC	\$ 438,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 157,731	\$ 566,232	\$ 68,398	\$ 95,928	\$ 143,002	\$ 367,462	\$ 278,081	\$ 284,622	\$ 244,060	\$ 158,331
Police	188,955	234,450	208,897	221,006	189,409	178,542	145,866	136,120	158,706	185,715
Public safety	23,986	72,742	58,188	111,536	66,985	97,758	72,482	81,629	62,506	82,742
Health	36,600	40,025	40,560	40,492	36,758	32,880	32,055	34,247	31,096	37,072
Transportation	22,934	24,728	21,578	22,919	28,485	24,700	18,643	18,423	23,844	11,514
Economic assistance	148,164	183,829	173,513	153,576	179,896	164,003	130,905	130,180	199,110	199,976
Culture and recreation	14,660	40,512	42,196	53,295	47,103	115,033	75,702	69,345	70,825	73,990
Home and community services	1,660	2,350	1,810	18,261	24,887	21,107	36,017	43,724	45,175	28,194
Operating grants and contributions	1,082,527	732,875	484,536	801,898	749,894	759,656	1,021,687	600,991	451,669	913,961
Capital grants and contributions	687,412	263,548	1,540,285	4,685,926	316,650	1,667,941	319,384	1,482,607	2,081,853	178,979
Total governmental activities program revenues	2,364,629	2,161,291	2,639,961	6,204,837	1,783,069	3,429,082	2,130,822	2,881,888	3,368,844	1,870,474

Continued

**THE CITY OF BATAVIA, NEW YORK  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

Continued

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Ambulance	\$ 1,884,002	\$ 2,928,629	\$ 2,725,447	\$ 1,042,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer	2,300,256	2,627,305	2,488,615	2,433,573	2,353,107	2,430,021	2,497,349	2,628,486	4,703,463	2,740,810
Water	1,856,268	2,257,616	2,139,508	2,210,395	2,271,996	2,411,386	2,505,564	2,375,631	2,394,948	2,615,116
Operating grants and contributions	2,029,981	2,132,956	2,573,647	2,174,983	2,787,903	2,165,316	2,065,570	2,170,725	2,175,832	2,311,795
Total business-type activities program revenues	8,070,507	9,946,506	9,927,217	7,861,703	7,413,006	7,006,723	7,068,483	7,174,842	9,274,243	7,667,721
Total primary government program revenues	\$ 10,435,136	\$ 12,107,797	\$ 12,567,178	\$ 14,066,540	\$ 9,196,075	\$ 10,435,805	\$ 9,199,305	\$ 10,056,730	\$ 12,643,087	\$ 9,538,195
Component unit:										
Charges for services	\$ 342,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	30,100	-	-	-	-	-	-	-	-	-
Total component unit program revenues	\$ 372,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net (expense)/revenue										
Governmental activities	\$ (11,634,566)	\$ (11,022,769)	\$ (12,054,840)	\$ (8,567,006)	\$ (12,610,898)	\$ (13,877,581)	\$ (13,676,124)	\$ (12,045,087)	\$ (12,571,062)	\$ (13,176,107)
Business-type activities	(901,050)	889,096	1,358,861	243,803	1,086,472	598,802	697,194	516,116	2,261,130	700,361
Total primary government net expense	\$ (12,535,616)	\$ (10,133,673)	\$ (10,695,979)	\$ (8,323,203)	\$ (11,524,426)	\$ (13,278,779)	\$ (12,978,930)	\$ (11,528,971)	\$ (10,309,932)	\$ (12,475,746)
Net (expense)/revenue										
Component unit net expense	\$ (65,663)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 3,846,754	\$ 4,608,821	\$ 5,058,910	\$ 5,300,391	\$ 5,460,167	\$ 5,928,000	\$ 5,708,856	\$ 5,169,951	\$ 5,323,375	\$ 5,549,620
Non-property taxes	5,980,543	6,060,117	6,399,926	5,890,906	6,248,365	6,190,436	6,354,806	6,426,274	6,489,747	6,441,305
Interest earnings	125,829	267,669	111,662	83,086	75,827	69,505	59,028	68,109	68,484	72,997
State aid not restricted for a specific purpose	1,277,893	1,586,009	1,736,680	1,901,664	1,860,924	1,890,513	1,851,751	1,891,734	1,864,805	1,894,319
Miscellaneous	205,085	314,560	1,172,224	452,065	825,098	628,880	390,637	433,612	597,884	762,284
Gain on sale of capital asset	-	-	-	-	-	-	108,190	37,889	-	-
Transfers	750,300	(34,986)	(359,676)	(2,015,136)	335,120	353,900	362,040	317,230	338,890	318,400
Total governmental activities	12,186,404	12,802,190	14,119,726	11,612,976	14,805,501	15,061,234	14,835,308	14,344,799	14,683,185	15,038,925
Business-type activities:										
Interest earnings	29,043	38,284	77,672	16,690	27,687	22,752	15,683	13,093	14,957	23,454
Capital contributions from other funds	-	-	-	-	-	-	-	-	141,666	-
Miscellaneous	-	-	-	-	3,632	731	(1,600)	-	-	-
Transfers	(750,300)	34,986	359,676	2,015,136	(335,120)	(353,900)	(362,040)	(317,230)	(338,890)	(318,400)
Total business-type activities	(721,257)	73,270	437,348	2,031,826	(303,801)	(330,417)	(347,957)	(304,137)	(182,267)	(294,946)
Total primary government	\$ 11,465,147	\$ 12,875,460	\$ 14,557,074	\$ 13,644,802	\$ 14,501,700	\$ 14,730,817	\$ 14,487,351	\$ 14,040,662	\$ 14,500,918	\$ 14,743,979
<b>Change in Net Position</b>										
Governmental activities	\$ 551,838	\$ 1,779,421	\$ 2,064,886	\$ 3,045,970	\$ 2,194,603	\$ 1,183,653	\$ 1,159,184	\$ 2,299,712	\$ 2,112,123	\$ 1,862,818
Business-type activities	(1,622,307)	962,366	1,796,209	2,275,629	782,671	268,385	349,237	211,979	2,078,863	405,415
Total primary government	\$ (1,070,469)	\$ 2,741,787	\$ 3,861,095	\$ 5,321,599	\$ 2,977,274	\$ 1,452,038	\$ 1,508,421	\$ 2,511,691	\$ 4,190,986	\$ 2,268,233
Component unit	\$ (65,663)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Prior years' information not available on accrual basis

**THE CITY OF BATAVIA, NEW YORK  
 GOVERNMENTAL ACTIVITIES  
 TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Property tax	\$ 3,849,573	\$ 4,690,887	\$ 4,633,309	\$ 5,274,270	\$ 5,136,060	\$ 5,822,939	\$ 5,341,105	\$ 5,188,402	\$ 4,936,970	\$ 5,434,357
Sales tax	4,923,294	5,230,668	5,499,806	5,000,242	5,353,816	5,713,793	5,935,774	6,014,171	6,082,042	6,069,740
Payment in-lieu of tax	262,732	88,533	103,914	115,399	84,925	88,547	82,822	56,722	61,033	63,346
Utilities gross receipts tax	308,008	301,833	268,931	229,347	264,949	258,128	208,725	214,491	225,304	189,264
Franchise - cable tax	173,875	186,701	197,671	210,388	216,809	218,515	210,307	197,612	182,401	182,301
Interest & penalty on tax	98,070	95,463	165,717	223,624	212,119	438,601	173,733	354,388	258,389	316,938
Other miscellaneous	-	-	-	-	-	1,109	30,373	145,146	13,773	36,277
<b>Total taxes</b>	<b>\$ 9,615,551</b>	<b>\$ 10,594,086</b>	<b>\$ 10,869,348</b>	<b>\$ 11,053,269</b>	<b>\$ 11,268,678</b>	<b>\$ 12,541,633</b>	<b>\$ 11,982,838</b>	<b>\$ 12,170,932</b>	<b>\$ 11,759,913</b>	<b>\$ 12,292,223</b>

Note: Prior years' information not available on accrual basis

**THE CITY OF BATAVIA, NEW YORK  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 825,761	\$ 983,113	\$ 1,148,293	\$ 1,680,591	\$ 2,374,804	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	(1,860,906)	(365,895)	1,173,270	1,116,772	1,231,336	-	-	-	-	-
Nonspendable	-	-	-	-	-	26,008	-	-	-	-
Restricted	-	-	-	-	-	2,760,377	2,956,615	3,426,442	3,982,530	4,749,102
Committed	-	-	-	-	-	-	345,000	530,423	186,946	152,611
Assigned	-	-	-	-	-	1,627,213	1,159,978	1,669,645	1,411,714	1,737,634
Unassigned	-	-	-	-	-	1,098,838	1,344,950	1,648,505	1,556,092	1,849,567
Total general fund	(1,035,145)	617,218	2,321,563	2,797,363	3,606,140	5,512,436	5,806,543	7,275,015	7,137,282	8,488,914
All other governmental funds										
Unreserved, reported in:										
Non major funds	920,152	1,165,805	1,022,072	919,341	1,241,190	-	-	-	-	-
Capital projects funds	2,333,698	2,067,297	1,383,848	72,676	145,459	-	-	-	-	-
Restricted, reported in:										
Non major funds	-	-	-	-	-	-	468,757	508,005	561,838	603,024
Special grant fund	-	-	-	-	-	405,935	-	-	-	-
Assigned, reported in:										
Non major funds	-	-	-	-	-	645,084	412,000	371,218	460,712	553,775
Capital projects funds	-	-	-	-	-	176,740	79,513	-	-	-
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	-	(202,772)	(32,994)	(30,671)
Total all other governmental funds	3,253,850	3,233,102	2,405,920	992,017	1,386,649	1,227,759	960,270	676,451	989,556	1,126,128
Total all governmental funds	<u>\$ 2,218,705</u>	<u>\$ 3,850,320</u>	<u>\$ 4,727,483</u>	<u>\$ 3,789,380</u>	<u>\$ 4,992,789</u>	<u>\$ 6,740,195</u>	<u>\$ 6,766,813</u>	<u>\$ 7,951,466</u>	<u>\$ 8,126,838</u>	<u>\$ 9,615,042</u>

Note: Comparative prior years' information not available for all non-general funds prior to implementation of GASB 34 in 2003.

**THE CITY OF BATAVIA, NEW YORK  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Real property tax	\$ 3,849,573	\$ 4,690,887	\$ 4,633,309	\$ 5,274,270	\$ 5,136,061	\$ 5,822,940	\$ 5,341,105	\$ 5,188,402	\$ 4,936,970	\$ 5,434,357
Real property tax items	358,581	183,996	269,631	339,023	297,043	528,258	286,927	556,256	333,195	416,561
Special assessments	120,000	120,000	173,513	153,576	179,896	164,003	130,905	130,180	199,110	199,976
Sales tax and other taxes	5,407,398	5,719,202	5,966,408	5,439,977	5,835,574	6,190,436	6,354,806	6,426,274	6,489,747	6,441,305
Departmental income	104,266	637,111	134,997	213,641	218,382	277,873	257,045	272,480	274,611	275,356
Intergovernmental charges	8,270	-	-	-	-	-	-	-	-	-
User fees	148,164	183,829	39,469	-	-	-	-	-	-	-
Use of money and property	125,829	253,404	111,662	83,086	75,827	69,505	59,028	68,109	68,484	72,997
Licenses and permits	43,477	100,110	99,760	139,239	83,967	100,641	100,329	87,200	71,214	84,622
Fines and forfeitures	187,659	227,202	205,114	215,779	186,695	175,235	105,871	103,480	127,994	154,983
Sale of property and compensation for loss	60,954	151,144	251,977	129,252	401,996	206,918	275,821	164,833	184,859	225,340
Miscellaneous local sources	243,237	192,631	910,064	484,205	548,926	649,924	477,521	583,838	579,258	601,824
Federal and state sources	3,146,409	2,634,705	3,915,815	7,433,627	2,977,383	4,318,110	3,186,668	3,975,332	4,409,812	2,987,259
Total revenues	13,803,817	15,094,221	16,711,719	19,905,675	15,941,750	18,503,843	16,576,026	17,556,384	17,675,254	16,894,580
<b>Expenditures</b>										
General government	2,272,491	1,884,200	1,573,252	1,761,203	1,804,515	2,041,706	1,915,076	2,038,710	2,153,288	2,283,616
Police	3,222,050	3,391,898	2,803,346	3,031,378	3,333,596	2,915,581	3,365,398	3,068,676	3,418,223	3,304,715
Fire	3,017,799	2,450,213	2,701,305	2,903,902	3,319,849	3,253,304	3,979,195	3,016,680	3,552,490	3,342,777
Public safety	370,327	384,102	529,069	374,737	223,091	259,122	249,352	254,635	317,021	278,550
Health	15,421	13,866	15,360	15,550	15,164	15,568	16,373	17,012	17,224	17,120
Transportation	1,540,772	1,697,791	1,612,065	1,845,093	1,911,616	1,975,438	2,132,726	2,232,129	1,971,476	2,033,546
Economic assistance and opportunity	331,090	184,894	228,214	274,693	159,906	309,113	375,154	300,387	238,534	258,828
Culture and recreation	828,371	745,220	621,115	633,838	596,863	618,981	718,608	771,159	827,867	777,400
Home and community services	746,225	307,964	314,057	202,999	393,396	2,054,984	784,911	564,336	451,134	679,411
Refuse and recycling	1,124,643	1,099,417	980,408	989,539	975,205	1,051,173	1,066,420	224,752	57,046	51,569
Miscellaneous expenses	265	12,488	-	-	-	-	-	-	-	-
Employee benefits	-	12,488	1,136,345	1,441,580	1,281,293	1,455,448	1,316,795	1,551,270	1,506,698	1,778,676
Debt service:										
Principal	544,000	495,773	459,192	418,300	425,757	454,320	480,903	492,362	513,278	545,422
Interest	351,539	441,160	452,039	405,587	333,648	295,151	244,671	287,564	73,382	112,650
Issuance costs	-	-	-	-	-	53,285	-	-	204,613	-
Capital outlay:										
General government	247,993	184,257	249,376	259,923	44,479	29,297	35,895	11,851	320,473	204
Transportation	189,351	134,377	1,799,737	4,270,320	255,083	389,633	281,040	1,857,438	2,316,365	441,365
Culture and recreation	6,782	-	-	-	-	-	-	-	-	-
Home and community services	5,140	-	-	-	-	-	-	-	-	-
Total expenditures	14,814,259	13,440,108	15,474,880	18,828,642	15,073,461	17,172,104	16,962,517	16,688,961	17,939,112	15,905,849
Excess of revenues over (under) expenditures	(1,010,442)	1,654,113	1,236,839	1,077,033	868,289	1,331,739	(386,491)	867,423	(263,858)	988,731
<b>Other financing sources (uses)</b>										
Transfers in	966,300	390,910	580,423	1,293,955	961,400	808,996	685,535	1,036,443	1,787,627	924,699
Transfers out	(216,000)	(425,896)	(940,099)	(3,309,091)	(626,280)	(455,096)	(323,495)	(719,213)	(1,448,737)	(606,299)
Proceeds from loans	999,297	-	-	-	-	-	-	-	-	-
Premium on refunding bond issued	-	-	-	-	-	36,767	-	-	64,340	-
Refunding bonds issued	-	-	-	-	-	1,200,000	-	-	2,856,000	-
Payment on refunding bonds	-	-	-	-	-	(1,175,000)	-	-	(2,820,000)	-
Installment purchase debt proceeds	-	-	-	-	-	-	51,069	-	-	181,073
Total other financing sources (uses)	1,749,597	(34,986)	(359,676)	(2,015,136)	335,120	415,667	413,109	317,230	439,230	499,473
Net change in fund balances	\$ 739,155	\$ 1,619,127	\$ 877,163	\$ (938,103)	\$ 1,203,409	\$ 1,747,406	\$ 26,618	\$ 1,184,653	\$ 175,372	\$ 1,488,204
Debt service as a percentage of noncapital expenditures	6.27%	7.16%	6.79%	5.76%	5.14%	4.47%	4.36%	5.26%	3.83%	4.26%

**THE CITY OF BATAVIA, NEW YORK  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Property tax	\$ 3,849,573	\$ 4,690,887	\$ 4,633,309	\$ 5,274,270	\$ 5,136,061	\$ 5,822,940	\$ 5,341,105	\$ 5,188,402	\$ 4,936,970	\$ 5,434,357
Sales tax	5,407,398	5,719,202	5,966,408	5,439,977	5,835,574	6,190,436	6,354,806	6,426,274	6,489,747	6,441,305
Other taxes *	<u>478,581</u>	<u>303,996</u>	<u>443,144</u>	<u>492,599</u>	<u>476,939</u>	<u>692,261</u>	<u>417,832</u>	<u>686,436</u>	<u>532,305</u>	<u>616,537</u>
Total taxes	<u>\$ 9,256,971</u>	<u>\$ 10,410,089</u>	<u>\$ 10,599,717</u>	<u>\$ 10,714,247</u>	<u>\$ 11,448,574</u>	<u>\$ 12,705,637</u>	<u>\$ 12,113,743</u>	<u>\$ 12,301,112</u>	<u>\$ 11,959,022</u>	<u>\$ 12,492,199</u>

\*Other taxes include Real property tax items such as PILOT, interest and penalty on taxes, and special assessments.

**THE CITY OF BATAVIA, NEW YORK  
 ASSESSED AND TAXABLE ASSESSED VALUE OF REAL PROPERTY  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Assessed Value Residential Property</b>	<b>Assessed Value Commercial Property</b>	<b>Assessed Value Industrial Property</b>	<b>Assessed Value Utility Property</b>	<b>Assessed Value Other <sup>1</sup> Property</b>	<b>Assessed Real Property Value</b>	<b>Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Assessed Value as a Percentage of Full Market Value</b>	<b>Total Direct Tax Rate</b>
2007	\$ 376,588,400	\$ 264,403,900	\$ 24,328,900	\$ 17,487,220	\$ 4,721,960	\$ 687,530,380	\$ 148,339,140	\$ 539,191,240	100%	\$ 7.751818
2008	\$ 387,443,600	\$ 267,578,446	\$ 24,839,900	\$ 18,563,393	\$ 4,653,000	\$ 703,078,339	\$ 149,692,440	\$ 553,385,899	100%	\$ 9.264203
2009	\$ 390,434,200	\$ 267,324,028	\$ 24,349,900	\$ 18,752,547	\$ 4,706,700	\$ 705,567,375	\$ 145,128,590	\$ 560,438,785	100%	\$ 10.024640
2010	\$ 393,647,500	\$ 272,309,094	\$ 24,349,900	\$ 20,070,149	\$ 5,597,100	\$ 715,973,743	\$ 150,355,040	\$ 565,618,703	100%	\$ 10.187076
2011	\$ 393,375,500	\$ 272,664,999	\$ 24,349,900	\$ 19,915,971	\$ 5,522,200	\$ 715,828,570	\$ 148,048,340	\$ 567,780,230	100%	\$ 10.345259
2012	\$ 395,172,450	\$ 272,498,961	\$ 24,420,400	\$ 14,852,070	\$ 5,493,700	\$ 712,437,581	\$ 145,652,340	\$ 566,785,241	100%	\$ 10.475878
2013	\$ 396,336,750	\$ 324,154,636	\$ 27,891,000	\$ 15,267,314	\$ 9,794,340	\$ 773,444,040	\$ 186,836,640	\$ 586,607,400	100%	\$ 10.712323
2014	\$ 396,213,700	\$ 324,675,588	\$ 27,891,000	\$ 15,127,314	\$ 9,619,240	\$ 773,526,842	\$ 197,824,640	\$ 575,702,202	100%	\$ 9.296845
2015	\$ 395,483,700	\$ 326,486,459	\$ 28,331,000	\$ 15,153,761	\$ 9,549,340	\$ 775,004,260	\$ 198,261,040	\$ 576,743,220	100%	\$ 9.142748
2016	\$ 397,999,600	\$ 342,667,719	\$ 28,556,000	\$ 12,959,611	\$ 11,047,400	\$ 793,230,330	\$ 207,191,400	\$ 586,038,930	100%	\$ 9.157968

Source: City of Batavia Assessor, Genesee County Office of Real Property and New York State Department of Taxation and Finance Data Base RPSV4

1) Other includes: Major Type C properties, vacant land (excluding public services and utility lands, agricultural property, private wild forested or conservation lands) plus Ceiling Railroad properties.

**THE CITY OF BATAVIA, NEW YORK  
PROPERTY TAX RATES PER THOUSAND  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year Ending	City of Batavia		Overlapping Rate	Total Direct & Overlapping Rate	School Tax Rate
	General Municipal Purposes	Total Direct Rate	Genesee County (1)		
2007	\$ 7.751818	\$ 7.751818	\$ 10.148863	\$ 17.900681	\$ 25.904880
2008	\$ 9.264203	\$ 9.264203	\$ 9.938175	\$ 19.202378	\$ 25.199840
2009	\$ 10.024640	\$ 10.024640	\$ 9.548525	\$ 19.573165	\$ 24.123653
2010	\$ 10.187076	\$ 10.187076	\$ 9.775124	\$ 19.962200	\$ 23.672516
2011	\$ 10.345259	\$ 10.345259	\$ 9.819814	\$ 20.165073	\$ 23.644703
2012	\$ 10.475878	\$ 10.475878	\$ 9.791946	\$ 20.267824	\$ 24.391287
2013	\$ 10.712323	\$ 10.712323	\$ 9.875689	\$ 20.588012	\$ 24.557307
2014	\$ 9.296845	\$ 9.296845	\$ 9.880104	\$ 19.176949	\$ 23.634006
2015	\$ 9.142748	\$ 9.142748	\$ 10.032580	\$ 19.175328	\$ 24.328447
2016	\$ 9.157968	\$ 9.157968	\$ 9.849124	\$ 19.007092	\$ 24.593325

(1) Source: Genesee County Treasury

Note: The City of Batavia tax bills include the County taxes for the City of Batavia residents. City of Batavia taxes are due in two installments. The first is due May 1 to May 31 without penalty. The second is due August 1 to August 31 without penalty. The City of Batavia School District levies taxes in October for that current school year. Any unpaid taxes as of December of that year are turned over to the City for collection.

**THE CITY OF BATAVIA, NEW YORK  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT FISCAL YEAR AND NINE YEARS PRIOR  
 March 31, 2016**

	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Niagara Mohawk dba Nat'l Grid	\$ 8,877,214	1	1.61%	\$ 7,773,496	1	1.56%
National Fuel Gas Dist Corp	7,018,081	2	1.27%	7,707,939	2	1.55%
Alan Riley/ Tops Market	4,830,000	3	0.88%	4,500,000	3	0.90%
Chapin International, Inc.	4,500,000	4	0.82%	3,375,000	7	0.68%
Woodcrest Associates	4,180,000	5	0.76%	3,300,000	8	0.66%
West Main Associates	4,161,300	6	0.75%	3,900,000	4	0.78%
Batavia Townhouses, LTD	4,000,000	7 (Tied)	0.73%	-	-	-
Seneca Powers Partners, L.P.	4,000,000	7 (Tied)	0.73%	-	-	-
Graham Manufacturing Co. Inc.	3,902,800	9	0.71%	3,157,400	9	0.63%
O-At-Ka Milk Products Corp	3,282,000	10	0.59%	2,481,589	10	0.50%
Washington Towers Realty Co.	-	-	-	3,500,000	5	0.70%
Verizon of New York	-	-	-	3,492,043	6	0.70%
Totals	<u>\$ 48,751,395</u>		<u>8.84%</u>	<u>\$ 43,187,467</u>		<u>8.67%</u>

Note:

- 1) The total taxable assessed value of \$551,654,825 was used for fiscal year 2016-17 taxes.
- 2) The total taxable assessed value of \$497,859,430 was used for fiscal year 2007-08 taxes.

Source: Assessment Roll of the City of Batavia

**THE CITY OF BATAVIA, NEW YORK  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended March 31	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Cancellations and/or Adjustments to Tax Levy	Outstanding Delinquent Taxes (Cumulative)	Percentage of Outstanding Delinquent Taxes to Total Tax Levy
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy			
2007	\$ 3,837,584	\$ 3,711,819	96.72%	\$ 85,633	\$ 3,797,452	98.95%	\$ 7,472	\$ 476	0.01%
2008	\$ 4,839,733	\$ 4,725,951	97.65%	\$ 78,173	\$ 4,804,124	99.26%	\$ 10,557	\$ 2,693	0.06%
2009	\$ 5,058,036	\$ 4,821,030	95.31%	\$ 170,376	\$ 4,991,406	98.68%	\$ 13,519	\$ 6,059	0.12%
2010	\$ 5,274,769	\$ 5,140,023	97.45%	\$ 117,816	\$ 5,257,840	99.68%	\$ 15,952	\$ 5,865	0.11%
2011	\$ 5,441,630	\$ 5,227,483	96.06%	\$ 192,765	\$ 5,420,247	99.61%	\$ 20,217	\$ 5,141	0.09%
2012	\$ 5,578,354	\$ 5,375,692	96.37%	\$ 183,128	\$ 5,558,821	99.65%	\$ 18,052	\$ 5,037	0.09%
2013	\$ 5,709,109	\$ 5,494,924	96.25%	\$ 198,145	\$ 5,693,068	99.72%	\$ 14,125	\$ 9,179	0.16%
2014	\$ 4,981,181	\$ 4,895,601	98.28%	\$ 57,731	\$ 4,953,333	99.44%	\$ 17,637	\$ 47,764	0.96%
2015	\$ 5,029,525	\$ 4,892,878	97.28%	\$ 47,253	\$ 4,892,878	97.28%	\$ 17,165	\$ 349,761	6.95%
2016	\$ 5,041,304	\$ 4,910,148	97.40%	\$ 16,253	\$ 4,910,148	97.40%	\$ 8,429	\$ 557,584	11.06%

Notes:

- (1) Tax exempt properties with an assessed value of \$20,210,400 made payments in lieu of taxes amounting to \$51,921 for the fiscal year ending March 31, 2016. If these properties had been fully taxable, total revenues would have increased by \$134,509. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for two years for commercial property and three years for residential property. If payment is not made by the deadline to pay, the properties are taken over by the City of Batavia and either sold through auction or kept by the City.

**THE CITY OF BATAVIA, NEW YORK  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Business-Type Activities General Obligation Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2007	\$ 6,963,000	\$ 3,767,000	\$ 10,730,000	N/A	\$ 705
2008	\$ 6,576,000	\$ 3,089,000	\$ 9,665,000	N/A	\$ 636
2009	\$ 6,225,000	\$ 2,410,000	\$ 8,635,000	2.78%	\$ 570
2010	\$ 5,920,000	\$ 2,225,000	\$ 8,145,000	2.57%	\$ 528
2011	\$ 5,611,000	\$ 2,039,000	\$ 7,650,000	2.32%	\$ 497
2012	\$ 5,308,000	\$ 1,847,000	\$ 7,155,000	2.15%	\$ 467
2013	\$ 4,966,000	\$ 1,649,000	\$ 6,615,000	1.95%	\$ 436
2014	\$ 4,620,000	\$ 1,510,000	\$ 6,130,000	1.79%	\$ 407
2015	\$ 4,358,833	\$ 1,384,721	\$ 5,743,554	N/A	\$ 383
2016	\$ 3,970,386	\$ 1,228,848	\$ 5,199,234	N/A	N/A

Note: Population and Per Capita Personal Income figures for City of Batavia from US Census Bureau, City-Data.com

**THE CITY OF BATAVIA, NEW YORK  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Primary Government General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita (1)</b>
2007	\$ 10,730,000	1.99%	\$ 705
2008	\$ 9,665,000	1.75%	\$ 636
2009	\$ 8,635,000	1.54%	\$ 570
2010	\$ 8,145,000	1.44%	\$ 528
2011	\$ 7,650,000	1.35%	\$ 497
2012	\$ 7,155,000	1.26%	\$ 467
2013	\$ 6,615,000	1.13%	\$ 436
2014	\$ 6,130,000	1.06%	\$ 407
2015	\$ 5,727,833	0.99%	\$ 382
2016	\$ 5,199,234	0.89%	not yet available

Notes:

- 1) Population and Per Capita Personal Income figures for City of Batavia from US Census Bureau, City-Data.com
- 2) The City does not accumulate any resources restricted for the repayment of outstanding debt principal.

**THE CITY OF BATAVIA, NEW YORK  
DIRECT AND OVERLAPPING DEBT  
AS OF MARCH 31, 2016**

<b>Jurisdiction</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to City of Batavia</b>	<b>Amount Applicable to City of Batavia</b>
City of Batavia	\$ 3,970,386	100.00%	\$ 3,970,386
County of Genesee <sup>1</sup>	23,611,000	20.05%	4,733,699
City of Batavia School District <sup>2</sup>	<u>3,245,000</u>	68.77%	<u>2,231,716</u>
Total	<u>\$ 30,826,386</u>		<u>\$ 10,935,801</u>

(1) Source: County of Genesee Finance Department, year ending 12/31/15.

(2) Source: NYS - Real Property System for Batavia City School District 2015.

Note: Overlapping debt for the County of Genesee has been calculated based on the assessed value of the City as a percentage of the County. The overlapping debt of the school district has been calculated based on the assessed value of the City as a percentage of the school district.

**THE CITY OF BATAVIA, NEW YORK  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 42,651,828	\$ 44,555,038	\$ 43,434,886	\$ 44,551,747	\$ 45,683,041	\$ 46,947,998	\$ 46,952,498	\$ 47,526,560	\$ 48,233,885	\$ 48,674,534
Total net debt applicable to limit	<u>10,291,500</u>	<u>9,235,500</u>	<u>8,215,000</u>	<u>7,735,000</u>	<u>7,250,500</u>	<u>6,766,500</u>	<u>6,238,000</u>	<u>5,765,000</u>	<u>5,310,500</u>	<u>4,785,500</u>
Legal debt margin	<u>\$ 32,360,328</u>	<u>\$ 35,319,538</u>	<u>\$ 35,219,886</u>	<u>\$ 36,816,747</u>	<u>\$ 38,432,541</u>	<u>\$ 40,181,498</u>	<u>\$ 40,714,498</u>	<u>\$ 41,761,560</u>	<u>\$ 42,923,385</u>	<u>\$ 43,889,034</u>
Total net debt applicable to the limit as a percentage of debt limit	24.13%	20.73%	18.91%	17.36%	15.87%	14.41%	13.29%	12.13%	11.01%	9.83%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Indebtedness	
Borrowings (Bonds and Notes)	\$ 5,125,000 (1)
Contract liabilities	1,316,500 (2)
Deductions and Exclusions	
Water Bonds and Notes	339,500 (3)
Appropriation	<u>1,316,500 (4)</u>
Net indebtedness	<u>4,785,500</u>
Debt limit (9% of five-year average full valuation)	<u>48,674,534</u>
Debt Contracting Margin	<u>\$ 43,889,034</u>

Continued

**THE CITY OF BATAVIA, NEW YORK  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

---

Continued

Notes:

- (1) Represents all bond and note debt of the City. Includes water and sewer debt -- listed above under "Deductions and Exclusions".
- (2) Represents amounts due pursuant to contracts for capital improvements or the acquisition of equipment guaranteed by the City and listed under "Deductions and Exclusions".
- (3) Amounts excluded pursuant to Article VIII, Section 5 of State Constitution and Section 136.00 of Local Finance Law.
- (4) Represents outstanding indebtedness not otherwise excluded to the extent current budgetary appropriation, not yet realized as cash, may be applied to pay such indebtedness. Excluded pursuant to Section 136.00 of the Local Finance Law.

**THE CITY OF BATAVIA, NEW YORK  
DEMOGRAPHIC ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population City of Batavia <sup>1</sup>	15,229	15,197	15,144	15,412	15,385	15,317	15,165	16,063	15,010	N/A
Total Personal Income Genese County <sup>2</sup>	\$ 1,906,924	\$ 2,025,221	\$ 2,021,569	\$ 2,082,667	\$ 2,168,663	\$ 2,222,992	\$ 2,250,197	\$ 2,311,110	N/A	N/A
Per Capita Personal Income City of Batavia <sup>3</sup>	unavailable	unavailable	\$ 20,538	\$ 20,597	\$ 21,406	\$ 21,691	\$ 22,351	\$ 22,715	N/A	N/A
School District Enrollment <sup>4</sup>	2,428	2,443	2,432	2,394	2,434	2,416	2,437	2,419	2,394	2,319
Unemployment Rate <sup>5</sup>	4.5%	5.6%	7.6%	8.0%	7.8%	7.9%	6.8%	5.5%	5.0%	N/A
Employed <sup>6</sup>	23,553	23,896	23,330	23,148	22,872	22,762	22,700	23,397	23,348	N/A

Source:

- 1) City of Batavia; 2007 - 2008 City-Data.com; 2009 - 2015 from US Census Bureau
- 2) US Dept. of Commerce Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)).
- 3) US Census Bureau via Batavia Development Corporation
- 4) Batavia City School District
- 5) New York State Department of Labor, Local Area Unemployment Statistics Program - Annual Average - Genesee County ([www.labor.ny.gov/stats/laus.asp](http://www.labor.ny.gov/stats/laus.asp))
- 6) New York State Department of Labor, Quarterly Census of Employment of Wages - Private and Public - Genesee County

**THE CITY OF BATAVIA, NEW YORK  
 PRINCIPAL EMPLOYERS IN THE CITY OF BATAVIA  
 CURRENT YEAR AND NINE YEARS PRIOR**

	2016			2007		
	Employees (1)	Rank	Percentage of Total Employment (3)	Employees (2)	Rank	Percentage of Total Employment (3)
Genesee County	743	1	3.18%	745	1	3.16%
United Memorial Medical Center	706	2	3.02%	745	2	3.16%
Batavia Board of Education	440	3	1.88%	440	3	1.87%
U.S. Veterans Hospital	400	4	1.71%	250	7	1.06%
Graham Manufacturing	323	5	1.38%	280	4	1.19%
O-at-ka Milk Products	320	6	1.37%	275	5	1.17%
Genesee ARC	300	7	1.28%	-	-	-
R.E. Chapin	273	8	1.17%	220	8	0.93%
Batavia Downs Gaming	273	9	1.17%	-	-	-
Tops Friendly Market	158	10	0.68%	-	-	-
P.W. Minor	-	-	-	250	6	1.06%
Pioneer Credit	-	-	-	200	9	0.85%
	-	-	-	-	-	-

(1) Source: Genesee County Chamber of Commerce

(2) Source: City of Batavia Official Statement dated June 7, 2007

(3) New York State Department of Labor, Quarterly Census of Employment of Wages - Private and Public - Genesee County

**THE CITY OF BATAVIA, NEW YORK  
 FULL TIME CITY EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
City Council and Clerk	11	11	11	11	11	11	11	11	11	11
Administration	6	6	5	6	6	5	4	4	4	5
Finance and Assessment	2	2	2	2	3	3	3	3	3	3
Community Development	1	-	-	-	-	-	-	-	-	-
Department of Public Works	7	4	6	4	5	6	5	5	6	6
Bureau of Maintenance	28	25	25	25	25	26	25	25	25	25
Water and Wastewater	24	20	21	21	19	19	19	19	19	19
Police	36	37	36	32	31	31	27	33	33	31
Fire	42	39	38	37	39	38	34	34	35	34
Ambulance and Medics	17	21	21	19	-	-	-	-	-	-
Recreation & Youth Services	2	2	1	1	1	2	2	2	2	2
Total	<u>176</u>	<u>167</u>	<u>166</u>	<u>158</u>	<u>140</u>	<u>141</u>	<u>130</u>	<u>136</u>	<u>138</u>	<u>136</u>

Note:

(1) The City of Batavia discontinued employing ambulance personnel April 1, 2010.

**THE CITY OF BATAVIA, NEW YORK  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police <sup>1</sup>										
Calls for service	15,896	17,848	15,379	15,771	16,719	17,392	17,252	16,805	19,344	19,797
Reported crimes	2,290	1,862	1,803	1,843	1,910	2,157	1,358	2,349	2,721	2,304
Fire <sup>2</sup>										
Emergency Calls for service	7,910	8,048	3,784	1,567	1,645	2,009	2,086	1,998	2,172	2,200
Refuse <sup>3</sup>										
Total tonnage	4,772	4,673	4,589	4,487	4,429	4,433	1,762	N/A	N/A	N/A
Water <sup>4</sup>										
Millions of gallons per day:										
Filtration plant production	2.60	2.30	2.60	2.20	2.44	2.63	2.70	2.85	2.85	2.90
City water demand	2.32	2.08	2.27	2.00	2.02	2.23	2.27	2.38	2.48	2.50
Wastewater <sup>5</sup>										
Sewer consumption	679,066	597,560	635,380	591,516	585,049	584,083	605,000	596,618	581,740	620,915
Youth <sup>6</sup>										
Youth services provided	480	497	504	452	465	457	449	480	461	455
Recreation youths served	2,713	2,874	2,400	2,581	3,000	2,992	2,497	2,450	2,763	2,345
Parks and Recreation <sup>7</sup>										
Pavilion rentals	94	104	105	128	134	131	158	125	121	103
Bureau of Maintenance <sup>8</sup>										
Snow operations				89	122	51	64	123	129	66

- 1) 2007 - 2009 figures from City of Batavia Police Department internal records. 2010 - 2016 figures from <http://www.ejusticenyny.gov>.
- 2) City of Batavia Fire Department's Firehouse and Red Alert management software
- 3) City of Batavia Department of Public works. Note: The City of Batavia discontinued providing refuse services on May 31, 2013
- 4) Annual Water Quality Report
- 5) 000's Omitted. Figures obtained from the City of Batavia pre-bill registers run as part of the billing process
- 6) City of Batavia youth bureau annual reports provided to New York State, based on calendar year, therefore 2016 is estimated
- 7) City Bureau of Maintenance usage report through 2012 and City Clerk's receipts from 2013 - 2016
- 8) City of Batavia Bureau of Maintenance snow log

**THE CITY OF BATAVIA, NEW YORK  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Miles of streets <sup>1</sup>	48.5	48.5	48.5	48.5	48.5	48.5	48.5	48.5	48.5	48.5
Municipal parking lots <sup>2</sup>	9	9	9	9	9	9	9	9	9	9
Water <sup>3</sup>										
Linear feet water line	319,335	319,335	319,335	319,335	319,335	319,335	319,335	319,335	319,335	319,335
Water tanks	1	1	1	1	1	1	1	1	1	1
Wastewater <sup>4</sup>										
Linear feet gravity line	274,560	274,560	274,560	274,560	274,560	274,560	274,560	274,560	274,560	274,560
Linear feet pressurized line	19,107	19,107	19,107	19,107	19,107	19,107	19,107	19,107	19,107	19,107
Linear feet gravity storm sewer	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000
Linear feet pressurized storm sewer	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
City-owned street lights <sup>5</sup>	664	664	664	664	664	663	662	662	664	664
Fire hydrants <sup>6</sup>	544	544	544	544	544	544	544	544	544	544

Sources:

- 1) NYSDOT Inventory
- 2) City of Batavia Bureau of Maintenance
- 3) City of Batavia recorded drawings
- 4) City of Batavia Autocad computer program
- 5) National Grid
- 6) City of Batavia Firehouse management software.