

CITY OF OGDENSBURG
OGDENSBURG, NEW YORK

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2011 AND 2010

CITY OF OGDENSBURG, NEW YORK
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INDEPENDENT AUDITORS' REPORT

To the Mayor and members of the City Council
City of Ogdensburg, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ogdensburg, New York's management. Our responsibility is to express opinions on these financial statements based on our audits.

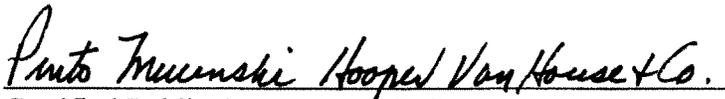
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2012 on our consideration of the City of Ogdensburg, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 45 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.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogdensburg, New York's basic financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Prato Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
August 30, 2012

The City of Ogdensburg offers this discussion and analysis for the fiscal year ending December 31, 2011. Please read along with the City's financial statements including the notes beginning on page.

1. FINANCIAL HIGHLIGHTS

Total assets of the City exceeded total liabilities by \$35,569,367.

For the year, total revenues for the City were \$18,249,766, while total expenses were \$17,698,301. The net of the revenues and expenses leaves the City with a net increase of \$305,392.

At the end of the year, total undesignated fund balance for the General Fund was \$2,425,031, down from \$2,641,914 in the prior year. The undesignated fund balance at the end of 2011 represents 21% of total general fund expenditures (including transfers out) for the year.

Total outstanding long term indebtedness for the City at the end of the year was \$4,680,000 down from \$5,020,000 at the end of 2010.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a commentary to the financial statements for the City of Ogdensburg. The financial statements are comprised of the following two sections: 1) government-wide financial statements and 2) notes to the financial statements. This report also contains other information in addition to the financial statements, such as budgetary comparisons.

Government-wide financial statements – The government wide financial statements are intended to provide the reader with a broad overview of the financial condition of the City that closely matches the reporting format of most private-sector companies. In future years, the Statement of Net Assets will provide comparisons that will most closely answer the question of whether the City's financial condition has improved or deteriorated during the year. For the first year of reporting, however, this comparison is not required.

The statement of net assets provides the reader with a snapshot in time of the assets, liabilities and resulting net assets (or equity as stated with private sector reporting) of the City. Over time, increases or decreases in the net assets of the City may provide an indicator of the trend in the City's financial condition. Other forward-looking indicators will also assist the reader to assess the overall financial health of the City. Some of these indicators include, but are not limited to: changes in the total property tax base, employment trends in the City and

outlying areas, and condition of the City's capital assets (streets, buildings, water, and sewer infrastructure).

The statement of activities provides the reader of the sources of revenue for the City, the sources of expenses and the net balance between the two, which directly impacts the resulting net assets at year-end. Reporting of revenues and expenses is done using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This means that transactions are recorded when they are realizable and measurable and not when cash flows into or out of the City.

The governmental-wide financial statements for the City are limited to governmental activities of the City primarily supported by taxes and intergovernmental revenues. The governmental activities include: general government, public safety (mostly police & fire protection), street construction & maintenance, economic development, water & sewer utility, and culture and recreation.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the Basic Financial Statements.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ogdensburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ogdensburg can be divided into two categories: governmental funds and fiduciary funds.

- a. Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on near term inflows and outflows of spendable resources as well as on the balance of spendable resources *available* at the end of the year. Spendable resources are measured using the modified accrual method of accounting. Under this method, resources are considered available if they can be readily converted to cash, generally in 60 days or less. Reviewing governmental funds may be useful in assessing the City's near term financing requirements.

The main difference between governmental funds and the government-wide financial statements is, respectively, short-term view versus long-term view; it is useful to compare the information presented in both. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions.

The City of Ogdensburg maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and the special revenue fund, all of which are considered to be major funds. The special revenue fund aggregates data from the other seven subsidiary funds into a single major fund. Individual fund data for

each of these subsidiary governmental funds is provided in the form of combining statements elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is the following section.

- b. **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use any assets in these funds to finance the City's operations. It is the City's responsibility to ensure the assets in these funds are used for their intended purposes.

Notes to financial statements – The notes to the financial statements provide additional information that the reader of this report may require to fully understand all aspects of this report. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets – Net assets may serve as useful indicator of a government's financial position over time. For the year ending December 31, 2011, the City of Ogdensburg's assets exceeded liabilities by \$35,569,367.

The majority of the City's net assets are capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens (e.g. public water, sewer, recreational facilities, roads, etc.). Since these assets are not liquid and are not intended to be sold, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Ogdensburg's Net Assets

	<u>Governmental Activities 2011</u>
Current Assets	\$ 20,628,266
Noncurrent Assets	<u>36,188,156</u>
Total Assets	<u>\$ 56,816,422</u>
Current Liabilities	\$ 13,231,959
Noncurrent Liabilities	<u>8,015,096</u>
Total Liabilities	<u>\$ 21,247,055</u>

Net Assets:	
Invested in capital assets, Net of related debt	\$ 31,508,156
Restricted	3,205,876
Unrestricted	<u>855,335</u>
Total Net Assets	<u>\$ 35,569,367</u>
Total Liabilities and Net Assets	<u>\$ 56,816,422</u>

The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future.

- Governmental activities

Total net assets of the City's governmental activities for the year ending December 31, 2011 were \$35,569,367. The majority of the net assets, \$31,508,156 or 89%, are tied up in capital assets (net of related debt).

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 14. Key elements of this change are illustrated in the following table

City of Ogdensburg Change in Net Assets	
	<u>Governmental Activities 2011</u>
<u>Revenues</u>	
Program Revenues:	
Charges for Services	\$ 4,613,259
Operating Grants and contributions	3,829,187
Capital Grants and contributions	1,869,143
General revenues:	
Property Taxes	4,158,294
Sales and Other Taxes	3,350,382
Government Aid	51,989
Other	<u>377,512</u>
Total Revenues	<u>\$ 18,249,766</u>
<u>Expenses</u>	
General Government	\$ 1,689,809
Public Safety	6,141,974
Transportation	2,180,444
Economic assistance & opportunity	61,062
Culture and recreation	1,758,648
Home and community	4,910,857
Employee Benefits	819,419

Debt Service	253,229
Compensated Absences	(117,415)
Gain on sale of fixed assets	<u>274</u>
Total Expense	<u>\$ 17,698,301</u>
Excess of revenues over expense	551,465
Prior Period Adjustment	(246,073)
Net Assets-beginning	35,263,975
Contributions to municipality	<u>0</u>
Net Assets-ending	<u>\$ 35,569,367</u>

The City's total revenues for the year were \$18,249,766 versus total expenses of \$17,698,301. For the year, the City's net assets increased by \$305,392, to bring total net assets of the primary government of the City to \$35,569,367. The following analysis separately considers the operations of governmental and business-type activities.

Governmental Activities

The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 23% of the total revenues while sales taxes were 18% of revenues.

On the expense side, public safety, home and community, and employee benefits made up the majority of the cost of the governmental activities.

In public safety, the police department and fire department expenses for the year totaled \$3,281,182 (53%) and \$2,925,402 (47%), of the total for public safety, respectively.

Home and community total expenses for the year were \$4,910,857. Costs associated with operating the water fund were \$1,590,242 or 32% of the total while the sewer fund costs were \$2,082,863 or 42% of the total.

In 2011 our overall retirement bill was \$973,110 this is compared to \$932,961 in 2010. In 2012 we are scheduled to pay \$1,120,465. The cost of the retirement bill is apportioned to each department and therefore is not shown as Employee Benefits separately.

Depreciation expense now required to be included is \$1,557,737 for 2011.

THE CITY'S FUNDS:

Governmental Funds

- 1) General fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance was \$2,425,031 and the total fund equity was \$4,039,546. As a measure of the General Fund' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund expenditures. For the current year ending December 31, 2011, unreserved fund balances represent 21% of total fund expenditures (including transfers out), while total fund balance was 39% of the same amount. The total fund balance of the City's General Fund decreased by \$216,883 or 8% during the current fiscal year.
- 2) Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases. At the end of the current fiscal year, the fund balance showed a negative balance of \$(532,544).
- 3) Special Revenue Fund – The special revenue fund for the City is made up of the following individual funds: community development fund, water fund, sewer fund, library/museum fund and self-insurance fund. The community development fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$4,144,305. Components of December 31, 2011 fund balance are as follows:

Assigned	
Insurance	\$ 43,515
Community Development Reserve	1,547,846
Sewer reserve	<u>0</u>
Total reserve special revenue fund balance	<u>\$ 1,591,361</u>
Unassigned	
Appropriated, Community development	\$ 663,514
Appropriated, all other special revenue funds	0
Unappropriated, all special revenue funds (excluding Community development)	<u>1,889,430</u>
Total unreserved special revenue fund balance	<u>2,552,944</u>
Total Special revenue fund balance	<u>\$ 4,144,305</u>

The appropriated unreserved community development amount represents funds that can be loaned under the City of Ogdensburg's loan programs.

4. BUDGETARY HIGHLIGHTS

The City Charter requires the City Manager to submit a budget with an accompanying written budget report to the City Council on or before November 1st for the next fiscal year. The budget shall provide a complete financial plan of all City fund and activities for the ensuing fiscal year. A summary of the proposed budget, a notice of when and where the budget and budget report are available for public inspection, and the time and place of a public hearing on the proposed budget shall be published in the local newspaper. A public hearing shall be held on the proposed budget no later than December 15th.

Between November 1 and December 15th the Council will review the budget and make amendments as they see fit, but must adopt a final budget along with necessary implementing ordinances no later than December 20th.

If the City Council fails to adopt a budget by December 20th, the budget submitted to the Council by the City Manager and all necessary implementing ordinances shall take effect.

The City's annual budget includes estimated revenues and appropriations for all funds. Self-insurance and the community development fund do not have an annual budget even though they are special revenue funds. A five-year capital expenditure budget is also included in the annual budget.

5. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental activities as of December 31, 2011, amounted to \$36,188,156 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the fiscal year 2011 included:

- Lake Street Bridge Replacement \$935,969
- Shade Roller Demolition \$253,607
- Paterson Street Reconstruction \$252,583
- Depreciation expense for the year was \$1,557,737

City of Ogdensburg

	<u>Governmental Activities 2011</u>
Land	\$ 6,776,899
Building & Improvements	56,461,986
Machinery & Equipment	<u>22,612,341</u>
Total	\$ 85,851,226
Less: Acc Depreciation	<u>49,663,070</u>
Net Capital Assets	<u>\$ 36,188,156</u>

Long-term Debt

For the year, total debt decreased by \$340,000.

City of Ogdensburg
Outstanding Debt

	<u>2011</u>	<u>Governmental Activities 2010</u>
General Obligation Bonds	\$ 4,680,000	5,020,000
Tax Anticipation Notes	<u>1,800,000</u>	<u>2,000,000</u>
Total	<u>\$ 6,480,000</u>	<u>7,020,000</u>

The New York State Constitution establishes a debt limit of 7 percent of the most recent five-year average valuation of taxable real estate in the City. Certain properties in the City are exempt from taxable status, which comprised approximately 66% of the total property value in the City. At December 31, 2011 the total indebtedness subject to its Constitutional Debt limit was \$4,296,019 or 22.95% of its limit.

The City has a rating of Baa 1 from Moody's Investors Service.

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

In 2011 the City issued a Tax Anticipation Note (TAN) for \$1,800,000. This will be paid off in 2012.

6. ECONOMIC FACTORS

The Ogdensburg Growth Fund Development Corporation is administering \$400,000 in New York Main Street grants promoting the revitalization in the Marina District and the core downtown, and construction of several projects is underway. The City recently awarded a construction contract for replacement of the Lake Street Bridge, which will also increase the

capacity of the City's water and sewer infrastructure, enabling future development on the City's west side and waterfront. The Dobisky Visitor Center has received a boost by the leasing of the concession to Seaway Café and Catering, providing breakfast, lunch and occasional dinner and delivery to the senior towers and Greenbelt Park, as well as the installation of exhibits depicting the historical significance of Ogdensburg's strategic location on the St. Lawrence River. The City also recently received a Boater Infrastructure Grant to expand the City Marina by adding fueling facilities and new transient boat slips, increasing Ogdensburg's appeal as a water-bound destination.

The City's joint marketing efforts with the Joint Economic Development Committee, which includes the Town of Oswegatchie, is comprised of print and online advertising in national publications as well as in Ontario and Quebec, CA. These campaigns highlight the opportunities for US and Canadian based businesses to expand into Canada and the US. This opportunity allows defense based contractors to meet US procurement requirements of a minimum of 51% of military product manufacturing in the US, as well as allows other industries more immediate access to the US market, reducing transportation costs and export/import fees and red tape. This creates both employment and investment opportunity in Ogdensburg. The program is far reaching and continues to be very successful.

The City has available space in the light and heavy industrial parks, which are fully serviced with water, sewer, roads, electric, natural gas and telecommunications. Over 100 acres remain in the industrial parks. Additionally, the OBPA has built a spec building of 24,000 sf a portion of which has recently been leased to a Canadian expansion of the Tulmar Corporation, a defense/military sub-contracting manufacturer, supplying the recently acquired DEW Industries which is now US owned and operated by CoorsTek, Inc. and complimenting another defense/military manufacturer, formerly known as Med-Eng, Inc. which was acquired recently by Allen-Vanguard also of Canada.

The Ogdensburg Greenmarket, a local farmers'/artisans' market was opened in the Greenbelt in May of 2007 with just three vendors, by the beginning of the 2009 season, the market has grown to support a total of 36 vendors, this year the market was opened two weeks earlier and is expected to remain open an additional two weeks as well. It now includes several artisans and crafters, organic producers, meats and many more vendors with a multitude of locally grown/produced goods. The success of the market is attributable to the availability of fresh, nutritious locally grown foods at affordable prices and the return support of local agriculture and arts; it continues to provide a community destination.

7. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Ogdensburg's finances to our citizens, taxpayers, customers, investors and creditors. If you need any additional copies of this report or have any additional questions, please contact our offices at the following address:

City of Ogdensburg, City Comptroller's Office, and 330 Ford Street, Ogdensburg,
New York 13669

City of Ogdensburg, New York
Statements of Net Assets
As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash - unrestricted	\$ 1,347,000	\$ 2,539,132
Cash - restricted	1,591,361	1,065,780
Taxes receivable (net)	1,985,885	3,025,569
Other receivables (net)	6,348,812	6,533,040
State and federal receivables	5,137,912	7,016,477
Investments	3,784,875	3,743,150
Due from other governments	432,421	310,352
	<u>20,628,266</u>	<u>24,233,500</u>
Total current assets		
Noncurrent assets		
Capital assets (net)	<u>36,188,156</u>	<u>35,092,392</u>
	<u>36,188,156</u>	<u>35,092,392</u>
Total noncurrent assets		
	<u>56,816,422</u>	<u>59,325,892</u>
Total assets		
Liabilities		
Current liabilities		
Cash overdraft	-	71,553
Accounts payable	712,386	731,328
Accrued interest payable	40,835	44,685
Due to other governments	1,435,361	2,098,107
Deferred revenue	8,688,273	11,188,887
Due to other funds	104	9,265
Bond anticipation note payable	300,000	-
Tax anticipation note payable	1,800,000	2,000,000
Current portion of long term debt	255,000	340,000
	<u>13,231,959</u>	<u>16,483,825</u>
Total current liabilities		
Noncurrent liabilities		
Serial bonds payable	4,425,000	4,680,000
Compensated absences	715,713	833,128
Post employment benefits other than pensions	2,874,383	2,064,964
	<u>8,015,096</u>	<u>7,578,092</u>
Total noncurrent liabilities		
	<u>21,247,055</u>	<u>24,061,917</u>
Total liabilities		
Net assets		
Invested in capital assets, net of related debt	31,508,156	30,072,392
Restricted	3,205,876	2,842,046
Unrestricted	855,335	2,349,537
	<u>35,569,367</u>	<u>35,263,975</u>
Total net assets		
	<u>\$56,816,422</u>	<u>\$59,325,892</u>
Total liabilities and net assets		

See notes to financial statements.

City of Ogdensburg, New York
Statements of Activities
For the Years Ended December 31, 2011 and 2010

Functions/Programs	2011					2010						
	Program Revenues		Charges for		Net (Expense) Revenue and Changes in Net Assets	Program Revenues		Charges for		Net (Expense) Revenue and Changes in Net Assets		
	Expenditures	Services	Contributions	Capital Grants and Contributions		Government Activities	Expenditures	Services	Contributions		Capital Grants and Contributions	
Governmental activities												
General government support	\$ 1,689,809	\$ 518,009	\$ 1,735,438	\$ 1,577,011	\$ 2,140,649	\$ 1,759,637	\$ 597,638	\$ 1,784,404	\$ 1,725,905	\$ 2,348,310	\$ 1,725,905	\$ 2,348,310
Public safety and health	6,141,974	130,286	-	292,132	(5,719,556)	5,656,654	126,885	-	200,220	(5,329,549)	200,220	(5,329,549)
Transportation	2,180,444	44,052	251,010	-	(1,885,382)	2,164,729	39,081	258,243	-	(1,867,405)	-	(1,867,405)
Economic assistance and opportunity	61,062	-	-	-	(61,062)	42,117	-	-	-	(42,117)	-	(42,117)
Culture and recreation	1,758,648	70,000	319,819	-	(1,368,829)	1,739,503	70,000	324,917	-	(1,344,586)	-	(1,344,586)
Home and community services	4,910,857	3,850,912	1,522,920	-	462,975	5,370,099	4,265,392	1,062,053	-	(42,654)	-	(42,654)
Employee Benefits	819,419	-	-	-	(819,419)	883,329	-	-	-	(883,329)	-	(883,329)
Interest on debt	253,229	-	-	-	(253,229)	273,662	-	-	-	(273,662)	-	(273,662)
Loss (Gain) on disposal of fixed asset	274	-	-	-	(274)	-	-	-	-	-	-	-
Compensated Absences - Current Year	(117,415)	-	-	-	117,415	17,450	-	-	-	(17,450)	-	(17,450)
Total Governmental Activities	\$ 17,698,301	\$ 4,613,259	\$ 3,829,187	\$ 1,869,143	\$ (7,386,712)	\$ 17,907,180	\$ 5,098,996	\$ 3,429,617	\$ 1,926,125	\$ (7,452,442)	\$ 1,926,125	\$ (7,452,442)
General revenues												
Real property taxes	\$ 4,158,294				\$ 4,158,294					\$ 4,108,686		\$ 4,108,686
Real property tax items	349,933				349,933					220,316		220,316
Non property tax items	3,000,449				3,000,449					2,883,028		2,883,028
Departmental income	198,809				198,809					220,366		220,366
Intergovernmental charges	18,638				18,638					15,942		15,942
Use of money and property	5,998				5,998					12,153		12,153
Licenses and permits	45,335				45,335					59,923		59,923
Fines and forfeitures	64,386				64,386					80,050		80,050
Sale of property and compensation for losses	19,554				19,554					11,787		11,787
Miscellaneous local sources	24,792				24,792					10,441		10,441
State aid not restricted to specific programs	51,989				51,989					138,750		138,750
Total General Revenues	7,938,177				7,938,177					7,761,442		7,761,442
Change in net assets												
Prior period adjustment - Note 6	551,465				551,465					309,000		309,000
	(246,073)				(246,073)					(208,761)		(208,761)
Net Assets - January 1,	35,263,975				35,263,975					35,163,736		35,163,736
Net Assets - December 31,	\$ 35,569,367				\$ 35,569,367					\$ 35,263,975		\$ 35,263,975

City of Ogdensburg, New York
Balance Sheets - Governmental Funds
December 31, 2011 and 2010

	2011				2010			
	<u>General</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Totals (Memorandum Only)</u>	<u>General</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Totals (Memorandum Only)</u>
Assets								
Cash - unrestricted	\$ 93,895	\$ 862,678	\$ 653,229	\$ 1,609,802	\$ 273,709	\$ 891,108	\$ 1,374,315	\$ 2,539,132
Cash - restricted	-	1,591,361	-	1,591,361	-	1,065,780	-	1,065,780
Taxes receivable (net)	1,985,885	-	-	1,985,885	3,025,569	-	-	3,025,569
Other receivables (net)	126,040	6,208,522	14,250	6,348,812	112,032	6,405,008	16,000	6,533,040
State and federal receivables	-	700,032	4,437,880	5,137,912	-	1,818,918	5,197,559	7,016,477
Investments	3,673,052	111,823	-	3,784,875	3,631,385	111,765	-	3,743,150
Due from other funds	1,685,674	1,218,395	-	2,904,069	1,706,681	1,256,121	-	2,962,802
Due from other governments	332,421	-	100,000	432,421	310,352	-	-	310,352
Total assets	7,896,967	10,692,811	5,205,359	23,795,137	9,059,728	11,548,700	6,587,874	27,196,302
Liabilities and Fund Balances								
Liabilities								
Cash overdraft	262,802	-	-	262,802	-	71,553	-	71,553
Accounts payable	204,162	270,372	237,852	712,386	278,326	312,618	140,384	731,328
Accrued interest payable	40,835	-	-	40,835	44,685	-	-	44,685
Tax Anticipation note payable	1,800,000	-	-	1,800,000	2,000,000	-	-	2,000,000
Bond Anticipation note payable	-	-	300,000	300,000	-	-	-	-
Due to other funds	114,261	1,175,273	1,614,639	2,904,173	161,692	1,204,787	1,605,588	2,972,067
Due to other governments	1,435,361	-	-	1,435,361	2,098,107	-	-	2,098,107
Deferred revenue	-	5,102,861	3,585,412	8,688,273	-	6,445,344	4,743,543	11,188,887
Total liabilities	3,857,421	6,548,506	5,737,903	16,143,830	4,582,810	8,034,302	6,489,515	19,106,627
Fund Balances								
Assigned	1,614,515	1,591,361	-	3,205,876	1,835,004	51,429	-	1,886,433
Unassigned	2,425,031	2,552,944	(532,544)	4,445,431	2,641,914	3,462,969	98,359	6,203,242
Total fund balances	4,039,546	4,144,305	(532,544)	7,651,307	4,476,918	3,514,398	98,359	8,089,675
Total liabilities and fund balances	\$ 7,896,967	\$ 10,692,811	\$ 5,205,359	\$ 23,795,137	\$ 9,059,728	\$ 11,548,700	\$ 6,587,874	\$ 27,196,302

See accompanying notes to financial statements and independent auditors' report.

City of Ogdensburg, New York
Statements of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For The Years Ended December 31, 2010 and 2009

	2011				2010			
	General	Special Aid	Capital	Total Governmental Only	General	Special Aid	Capital	Total Governmental Only
REVENUES								
Real property taxes	\$ 4,158,294	\$ -	\$ -	\$ 4,158,294	\$ 4,108,686	\$ -	\$ -	\$ 4,108,686
Real property tax items	375,916	-	-	375,916	246,190	-	-	246,190
Non-property tax items	3,000,449	-	-	3,000,449	2,883,028	-	-	2,883,028
Departmental income	736,634	3,858,263	-	4,594,897	762,016	4,273,465	-	5,035,481
Intergovernmental charges	123,553	18,638	-	142,191	117,826	15,942	-	133,768
Use of money and property	73,224	1,729	-	74,953	131,227	3,128	-	134,355
Licenses and permits	45,334	-	-	45,334	59,923	-	-	59,923
Fines and forfeitures	64,386	-	-	64,386	80,050	-	-	80,050
Sale of property and compensation for losses	16,887	2,667	-	19,554	3,474	8,313	-	11,787
Miscellaneous local sources	124,076	315,154	44,250	483,480	75,122	319,343	2,000	396,465
State aid	2,041,782	1,172,748	1,309,453	4,523,983	2,204,950	137,500	622,883	2,965,333
Federal Program Income	-	317,656	-	317,656	-	709,515	-	709,515
Federal aid	192,848	32,517	223,308	448,673	135,539	215,038	1,101,022	1,451,599
Total Revenues	10,953,383	5,719,372	1,577,011	18,249,766	10,808,031	5,682,244	1,725,905	18,216,180
EXPENDITURES								
General government support	1,427,545	211,458	-	1,639,003	1,366,873	271,737	-	1,638,610
Public safety and health	6,156,629	-	460,870	6,617,499	5,559,822	-	280,119	5,839,941
Transportation	1,721,376	-	1,123,014	2,844,390	1,528,840	-	287,358	1,816,198
Economic assistance and opportunity	61,062	-	-	61,062	42,117	-	-	42,117
Culture and recreation	567,382	940,976	34,454	1,542,812	583,424	942,814	241,553	1,767,791
Home and community services	577,041	4,119,022	438,003	5,134,066	570,674	4,400,957	1,002,648	5,974,279
Employee benefits	10,000	-	-	10,000	24,265	-	-	24,265
Debt service: principal	102,623	237,377	-	340,000	114,180	280,821	-	395,001
Debt service: interest	139,464	113,765	-	253,229	150,188	123,474	-	273,662
Total Expenditures	10,763,122	5,622,598	2,056,341	18,442,061	9,940,383	6,019,803	1,811,678	17,771,864
Excess (Deficiency) of Revenues Over Expenditures	190,261	96,774	(479,330)	(192,295)	867,648	(337,559)	(85,773)	444,316
OTHER FINANCING SOURCES AND USES								
Operating transfers in	172,290	846,129	-	1,018,419	198,094	842,529	73,000	1,113,623
Operating transfers (out)	(686,129)	(246,256)	(86,034)	(1,018,419)	(755,529)	(358,094)	-	(1,113,623)
Total Other Sources (Uses)	(513,839)	599,873	(86,034)	-	(557,435)	484,435	73,000	-
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	(323,578)	696,647	(565,364)	(192,295)	310,213	146,876	(12,773)	444,316
Prior Period Adjustment (Note 6)	(113,794)	(66,740)	(65,539)	(246,073)	(208,761)	-	-	(208,761)
Fund Balance - Beginning of Year	4,476,918	3,514,398	98,359	8,089,675	4,375,466	3,367,522	111,132	7,854,120
Fund Balance - End of Year	\$ 4,039,546	\$ 4,144,305	\$ (532,544)	\$ 7,651,307	\$ 4,476,918	\$ 3,514,398	\$ 98,359	\$ 8,089,675

See accompanying notes to financial statements and independent auditors' report.

City of Ogdensburg, New York
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2011

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets Totals</u>
ASSETS				
Cash				
Unrestricted	\$ 1,347,000	\$ -	\$ -	\$ 1,347,000
Restricted	1,591,361	-	-	1,591,361
Receivables				
Due from other funds	2,904,069	-	(2,904,069)	-
Accounts receivable	6,348,812	-	-	6,348,812
State and federal receivables	5,137,912	-	-	5,137,912
Due from other governments	432,421	-	-	432,421
Taxes receivable	1,985,885	-	-	1,985,885
Investments	3,784,875	-	-	3,784,875
Land, buildings and equipment (net)	-	36,188,156	-	36,188,156
	<u>23,532,335</u>	<u>36,188,156</u>	<u>(2,904,069)</u>	<u>56,816,422</u>
Total Assets				
LIABILITIES				
Payables				
Accounts payable	712,386	-	-	712,386
Accrued interest payable	40,835	-	-	40,835
Due to other funds	2,904,173	-	(2,904,069)	104
Deferred revenue	8,688,273	-	-	8,688,273
Serial bonds payable	-	4,680,000	-	4,680,000
Tax anticipation note payable	1,800,000	-	-	1,800,000
Bond anticipation note payable	300,000	-	-	300,000
Due to other governments	1,435,361	-	-	1,435,361
Post employment benefits other than pensions	-	2,874,383	-	2,874,383
Compensated absences	-	715,713	-	715,713
	<u>15,881,028</u>	<u>8,270,096</u>	<u>(2,904,069)</u>	<u>21,247,055</u>
Total Liabilities				
FUND BALANCE/NET ASSETS				
Total Fund Balance/Net Assets	<u>7,651,307</u>	<u>27,918,060</u>	<u>-</u>	<u>35,569,367</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 23,532,335</u>	<u>\$ 36,188,156</u>	<u>\$ (2,904,069)</u>	<u>\$ 56,816,422</u>

Total Governmental Fund Balance	\$ 7,651,307
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	36,188,156
GASB 45 valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.	(2,874,383)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,395,713)</u>
Net Assets of Governmental Activities	<u>\$ 35,569,367</u>

City of Ogdensburg, New York
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended December 31, 2010

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Items</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Activities Totals</u>
Revenues					
Real property taxes	\$ 4,158,294	\$ -	\$ -	\$ -	\$ 4,158,294
Real property tax items	375,916	-	-	-	375,916
Non-property tax items	3,000,449	-	-	-	3,000,449
Departmental income	4,594,897	-	-	-	4,594,897
Intergovernmental charges	142,191	-	-	-	142,191
Use of money and property	74,953	-	-	-	74,953
Licenses and permits	45,334	-	-	-	45,334
Fines and forfeitures	64,386	-	-	-	64,386
Sale of property and compensation for losses	19,554	-	-	-	19,554
Miscellaneous local sources	483,480	-	-	-	483,480
State aid	4,523,983	-	-	-	4,523,983
Federal Program Income	317,656	-	-	-	317,656
Federal aid	448,673	-	-	-	448,673
Total Revenues	18,249,766	-	-	-	18,249,766
Expenditures/Expenses					
General government support	1,639,003	93,657	(42,851)		1,689,809
Public safety and health	6,617,499	124,166	(599,691)		6,141,974
Transportation	2,844,390	623,297	(1,287,243)		2,180,444
Economic assistance and opportunity	61,062				61,062
Culture and recreation	1,542,812	270,662	(54,826)		1,758,648
Home and community service	5,134,066	445,952	(669,161)		4,910,857
Employee benefits	10,000			809,419	819,419
Debt service					
Principal	340,000			(340,000)	-
Interest	253,229				253,229
Compensated absences				(117,415)	(117,415)
Loss(Gain) on Disposal/Sale of Fixed Assets			274		274
Total Expenditures	18,442,061	1,557,734	(2,653,498)	352,004	17,698,301
Excess (Deficiency) Of Revenues Over Expenditures	<u>(192,295)</u>	<u>(1,557,734)</u>	<u>2,653,498</u>	<u>(352,004)</u>	<u>551,465</u>
Other Sources and Uses					
Operating transfers in	1,018,419	-	-	-	1,018,419
Operating transfers (out)	<u>(1,018,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,018,419)</u>
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change For The Year	<u>\$ (192,295)</u>	<u>\$ (1,557,734)</u>	<u>\$ 2,653,498</u>	<u>\$ (352,004)</u>	<u>\$ 551,465</u>
Net Change in Fund Balances					\$ (192,295)
Depreciation expense recorded in the Statement of Activities, but not in the Governmental Funds					(1,557,734)
Expenditures for acquisition (disposition) of capital assets recorded in the Governmental funds, but not in the Statement of Activities					2,653,498
Repayment of bond principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					340,000
Expenditure for GASB 45 valuation of postemployment benefits other than pensions recorded in the Statement of Activities, but not in the Governmental Funds					(809,419)
Compensated absences measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					117,415
Change in Nets Assets of Governmental Activities					<u>\$ 551,465</u>

See accompanying notes to financial statements and independent auditors' report.

**City of Ogdensburg, New York
 Statements of Fiduciary Net Assets
 Agency Fund
 December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Assets		
Cash - unrestricted	\$ 22,094	\$ 22,772
Due from other funds	104	9,265
Investments	<u>2,512,440</u>	<u>2,440,848</u>
 Total Assets	 <u><u>2,534,638</u></u>	 <u><u>2,472,885</u></u>
Liabilities		
Accounts Payable	-	60
Agency liabilities	21,727	31,977
Due to other funds	-	-
Deferred compensation	<u>2,512,911</u>	<u>2,440,848</u>
 Total Liabilities	 <u><u>\$2,534,638</u></u>	 <u><u>\$ 2,472,885</u></u>

City of Ogdensburg, New York
Statements of Changes in Fiduciary Assets and Liabilities
Agency Fund
December 31, 2011 and 2010

	2011			2010			
	Balance January 1, 2011	Increases	Decreases	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
Assets							
Cash - unrestricted	\$ 22,772	\$ 3,113,763	\$ 3,114,441	\$ 139,911	\$ 3,241,598	\$ 3,358,737	\$ 22,772
Due from other funds	9,265	104	9,265	-	9,364	99	9,265
Investments	2,440,848	360,653	289,061	2,127,469	518,006	204,627	2,440,848
Total Assets	<u>2,472,885</u>	<u>3,474,520</u>	<u>3,412,767</u>	<u>2,267,380</u>	<u>3,768,968</u>	<u>3,563,463</u>	<u>2,472,885</u>
Liabilities							
Accounts payable	60	777,506	777,566	198	864,314	864,452	60
Agency liabilities	31,977	692,853	703,103	25,652	2,951,146	2,944,821	31,977
Due to other funds	-	-	-	113,681	-	113,681	-
Deferred compensation	2,440,848	548,063	476,000	2,127,849	692,697	379,698	2,440,848
Total Liabilities	<u>\$ 2,472,885</u>	<u>\$ 2,018,422</u>	<u>\$ 1,956,669</u>	<u>\$ 2,267,380</u>	<u>\$ 4,508,157</u>	<u>\$ 4,302,652</u>	<u>\$ 2,472,885</u>

See accompanying notes to financial statements and independent auditors' report.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 1 - Summary of significant accounting policies

The financial statements of the City of Ogdensburg, New York have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles utilized by the City are described below:

A. Financial reporting entity

The City of Ogdensburg (City) is governed by the Charter of the City of Ogdensburg, the general City law and other general laws of the State of New York and various local laws and ordinances. The Council, which is the legislative body responsible for the overall operation of the City, consists of the Mayor and six councilors. The City Manager serves as chief executive officer and the Comptroller serves as chief fiscal officer of the City.

The following basic services are provided: general government, police and fire protection, public works, recreation and infrastructure maintenance and development.

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

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

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City's reporting entity.

The Ogdensburg Public Library was established by the City and chartered by the Board of Regents under the New York State Education Law. Although the Mayor of the City appoints library trustees and the City contributes to the support of the Library, City officials do not have the power or duty to designate library management and the City has limited accountability for library fiscal matters.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

The Frederic Remington Art Museum was established by the City and granted a charter by the Board of Regents as provided in Article 5 of the Education Law. Members of the Museum's board of trustees are appointed by the Mayor, and the City contributes to the support of the museum. However, the City does not exercise significant oversight responsibility with respect to the museum and has limited accountability for its fiscal matters.

The City School District was created by state legislation which designates the school board as the governing authority. School board members are elected by the qualified voters of the district. The Board designates management and exercises complete responsibility for all fiscal matters. The City Council exercises no oversight over school operations.

The Public Housing Authority was created in 1957 by the New York State Legislature. The governing board of the Authority is appointed by the City. The local government provides no subsidy to the Authority nor is it responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority and is not guaranteed by the City. The local government does not appoint management of the Authority nor does it approve the Authority's budget, contracts or hiring of staff. The local government has no oversight responsibility for funds of the Authority.

B. Basis of presentation

1. Government-wide statements

The Statement of Net Assets and the Statement of Activities present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, departmental income, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

The Statement of Activities presents a comparison between direct expenses and program 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. Program revenues include charges paid by the recipients of goods and services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, water and sewer, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the City acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the City, and are not available to be used.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

C. Measurement focus and basis of accounting

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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the City's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

E. Property taxes

Real property taxes for City purposes are levied annually based on City budget requirements. City taxes, including re-levied items and county taxes, are due and payable in two installments, May 15 and August 15. The City remits to the county taxes collected on or before May 25 and December 1, of the current year. Taxes delinquent after these dates are remitted to the County by the 30th day of the month collected. Real property taxes not paid within a timely period are generally included in City tax sale proceedings and the City may ultimately take title to parcels in respect to which taxes have not been paid.

Delinquent City school district taxes are also collected by the City. Unpaid school district taxes are subject to tax sale proceedings. The school district is made whole at the time of collection.

At December 31, 2011, real property tax receivables were \$1,985,885. Returned school taxes are offset by a liability to the school district in the same amount.

F. Accounts receivable

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

G. Due to/from other funds

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

H. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to 1990. For assets acquired prior to 1990, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

City of Ogdensburg, New York
Notes to Financial Statements
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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</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings	\$ 1,000	Straight Line (SL)	40 yr. (varies)
Building improvements	1,000	SL	40 yr. (varies)
Site improvements	1,000	SL	40 yr. (varies)
Furniture and equipment	1,000	SL	5-15 yr.
Infrastructure	1,000	SL	40 yr. (varies)

I. Vested employee benefits

The City employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis.

Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with *GASB Statement 16, Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

City employees participate in the New York State and Local Retirement System and the New York State and Local Police and Fire Retirement System.

City of Ogdensburg, New York
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In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through a plan whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid.

J. Postemployment benefits other than pensions (OPEB)

In addition to providing the retirement benefits described in note 1 (I.), the City provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the City Council.

The City is self insured for health insurance and uses a third party administrator to run the plan. It has a major medical plan which pays 80% of approved claims, with the enrollee paying the other 20%. This applies for those retirees, and dependents, that wish to take coverage under the plan. Each group of retirees pays a portion of the monthly premium, set by the City's actuary, for their coverage.

The City also provides Medicare Part B reimbursement coverage for eligible retired employees, depending on which union they were in and when they were hired.

In 2004, the Governmental Accounting Standards Board (GASB) released *Statement No. 45 (GASB 45)* concerning health and other non-pension benefits for retired public employees. *GASB 45* was issued to provide more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB as part of employee compensation. In 2009, the City implemented *GASB 45*.

K. Budgetary procedures and budgetary accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

City of Ogdensburg, New York
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The City employs the following budgetary procedures:

- a. No later than November 1, the City Manager submits a tentative budget to the Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City, except the Insurance Fund.
- b. After public hearings are conducted to obtain taxpayer comments, but not later than December 20, the governing board adopts the budget.
- c. All revisions that alter appropriations of any department or fund must be approved by the governing board. However, the comptroller is authorized to transfer certain budgeted amounts within departments, provided such transfer does not exceed 5% of the department's budget and is reported to the council at its next meeting.
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds.

Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

L. Deferred revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

City of Ogdensburg, New York
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Statute provides the authority for the City to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenues in the subsequent fiscal year, rather than when measurable and available.

M. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

N. Fund balance – reservations and designations

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City council members through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City council. Assigned fund balance is a limitation imposed by the City council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

City of Ogdensburg, New York
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O. Inventories

Purchases of inventorable items are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

P. Insurance

The City of Ogdensburg self-insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or availability has been incurred and the amount of loss can be reasonably estimated.

Q. Total columns on the financial statements

Total columns on the fund financial statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2012 through August 30, 2012 for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the date of the financial statements required to be recognized or disclosed in the accompanying financial statements.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 2 – Explanation of certain differences between governmental fund statements and government-wide statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. *Fund Balances of governmental Funds vs. Net Assets of Governmental Activities*

Total fund balances of the City’s governmental funds differ from “net assets” of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. *Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:*

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

City of Ogdensburg, New York
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3. Long-term debt transaction differences:
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

Note 3 - Detail notes on all funds and account groups

A. Assets

1. Cash on Deposit/Collateral

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 comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreements.

For the purposes of reporting cash flow, cash equivalents are defined as short-term, high liquid investments that are both readily convertible to known amounts of cash and near their maturity.

a. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) Insured or collateralized with securities held by the City or by its agent in the City's name; (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the City's name; or (3) Uncollateralized.

City of Ogdensburg, New York
Notes to Financial Statements
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Total financial institution (bank) balances at December 31, 2011, per the banks were \$3,714,332. These deposits are categorized as follows:

1	2	3	Carrying Value
<u>\$1,000,000</u>	<u>\$ 2,714,332</u>	<u>\$ -</u>	<u>\$ 3,714,332</u>

2. Unrestricted Cash - At December 31, 2011, unrestricted cash consisted of the following:

	<u>Checking Accounts</u>	<u>Interest Accounts</u>	<u>Petty Cash</u>	<u>Total</u>
General	\$ (262,802)	\$ 93,020	\$ 875	\$ (168,907)
Special Revenue:				
Community Development	393,146	543	-	393,689
Library/Remington	16,766	-	100	16,866
Sewer	934	-	-	934
Water	357,465	-	-	357,465
Insurance	93,724	-	-	93,724
Capital	-	653,229	-	653,229
Total	<u>\$ 599,233</u>	<u>\$ 746,792</u>	<u>\$ 975</u>	<u>\$ 1,347,000</u>

3. Restricted Cash - Restricted cash of \$43,515 in the Special Revenue (Insurance) Fund held for future unemployment insurance claims and \$1,547,846 in the Community Development Fund held for community development projects.

4. Investment Pool

The City participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At December 31, 2011, the City's share, \$3,784,875, of the pooled investments consisted of various investments in securities issued by the United States and its agencies. The investments are highly liquid and are considered to be cash equivalents.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

The following amounts are classified as investments on the City's combined balance sheet:

<u>Fund</u>	<u>Amount</u>	
General Fund	\$3,673,052	Investment Pool
Special Revenue – Risk Retention	<u>111,823</u>	Investment Pool
	<u>\$3,784,875</u>	

The investment pool is categorically exempt from the New York State collateralization requirements.

5. Capital Assets

Capital asset balances and activity for the year ended December 31, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassification</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Construction in progress	\$ 7,225,137	\$ 1,950,205	\$ 4,920,707	\$ 4,254,635
Land	6,776,899	-	-	6,776,899
	<hr/>			
Total nondepreciable historical cost	14,002,036	1,950,205	4,920,707	11,031,534
	<hr/>			
Capital assets that are depreciated:				
Buildings, improvements, infrastructure	47,088,688	5,129,769	11,106	52,207,351
Machinery, equipment, vehicles	22,416,903	494,508	299,070	22,612,341
	<hr/>			
Total depreciable historical cost	69,505,591	5,624,277	310,176	74,819,692
	<hr/>			
Less accumulated depreciation:				
Buildings, improvements, infrastructure	30,723,512	1,077,800	11,106	31,790,206
Machinery, equipment, vehicles	17,691,723	479,937	298,796	17,872,864
	<hr/>			
Total accumulated depreciation	48,415,235	1,557,737	309,902	49,663,070
	<hr/>			
Total depreciable historical cost, net	21,090,356	4,066,540	274	25,156,622
	<hr/>			
Total historical cost, net	\$ 35,092,392	\$ 6,016,745	\$ 4,920,981	\$36,188,156
	<hr/>			

City of Ogdensburg, New York
Notes to Financial Statements
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Depreciation expense was charged to governmental functions as follows:

Function/Program

General Governmental Support	\$ 93,657
Public Safety	124,166
Transportation	623,297
Culture and Recreation	270,663
Home and Community	<u>445,954</u>
Total Depreciation	<u><u>\$ 1,557,737</u></u>

B. Liabilities

1. Pension Plans

Plan Descriptions

The City of Ogdensburg participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement Systems (PFRS). These are cost sharing multiple public employer retirement systems. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulation for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirements Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	ERS	PFRS
2011	\$557,881	\$456,419
2010	525,305	407,656
2009	387,930	289,516

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

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with and 8.75% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at December 31, 2011 was \$ -0-.

2. Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the year ended December 31, 2011 amounted to \$809,419. At December 31, 2011, the postemployment benefit liability for retired employees amounted to \$2,874,383.

The number of participants as of December 31, 2011 was as follows:

Active employees	139
Retired employees	91
Spouses of retired employees	<u>31</u>
Total	<u><u>261</u></u>

Funding Policy - The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Annual Other Postemployment Benefit Cost (OPEB) - for the year ended December 31, 2011, the annual OPEB cost amounted to \$1,539,381.

City of Ogdensburg, New York
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Benefit Obligations and Normal Cost

Actuarial accrued liability (AAL)	<u>\$ 26,543,231</u>
Underfunded actuarial accrued (UAAL)	<u>\$ 26,543,231</u>
Normal cost for fiscal year	404,912
Amortization of unfunded UAAL	<u>1,126,998</u>
Annual required contribution	<u>\$ 1,531,910</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,531,910
Interest on net OPEB obligation	92,923
Adjustment to annual required	<u>(85,452)</u>
Annual OPEB cost (expense)	1,539,381
Contribution made on a pay-as-you-go basis	<u>(729,962)</u>
Increase in net OPEB obligation	809,419
Net OPEB obligation at beginning of year	<u>2,064,964</u>
Net OPEB obligation at end of year	<u>\$ 2,874,383</u>
Actuarial methods and assumptions:	
Discount Rate	4.50%
Initial Medical Rate	8.50%
Ultimate Medical Rate	5.00%

City of Ogdensburg, New York
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3. Short-Term Debt

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANS issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. The City had no outstanding BANs at December 31, 2011.

Tax Anticipation Notes - A tax anticipation note, series 2010 with an interest rate of 1.75%, was issued on August 5, 2011 for \$1,800,000 and matures on August 3, 2012. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2011 year.

Tax Anticipation Notes - A bond anticipation note, with an interest rate of 1.49%, was issued on January 27, 2011 for \$300,000 and matures on January 27, 2012. The proceeds were used for storm sewer improvements in the Beaverbrook area of the City.

4. Due to Other Governments

At December 31, 2011, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	376,169
Due to St. Lawrence County	<u>1,059,192</u>
	<u>\$ 1,435,361</u>

5. Long-Term Debt

- a. Serial Bonds - The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities which are full faith and credit debt of the local government are recorded in the general long-term debt account group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

- b. Other Long-Term Debt - In addition to the above long-term debt the local government had the following noncurrent liability:

Compensated absences - represents the value of earned and the unused portion of the liability for compensated absences.

- c. The following is a summary of long-term liabilities outstanding at December 31, 2011:

Serial Bonds	\$ 4,425,000
Compensated Absences	715,713
OPEB	<u>2,874,383</u>
Total Long-Term Liabilities	<u>\$ 8,015,096</u>

- d. The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2011:

	<u>Serial Bonds</u>	<u>Compensated Absences</u>
Payable at 1/1/11	\$ 5,020,000	\$ 833,128
Additions	-	-
Deletions	<u>340,000</u>	<u>117,415</u>
Payable at 12/31/11	<u>\$ 4,680,000</u>	<u>\$ 715,713</u>

Additions and deletions to compensated absences are reported net, as it is impractical to determine these amounts separately.

City of Ogdensburg, New York
Notes to Financial Statements
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- e. Long-Term Maturity Schedule - The following is a statement of serial bonds with corresponding schedules:

<u>Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/11</u>
Sewer Fund Barre St.	1991	\$ 1,715,000	7.1 (VAR)	2011	\$0
Elizabeth St. Reconstruction	2002	1,840,000	4.5 (VAR)	2023	1,308,387
Caroline St. - Sewer	2002	60,000	4.5 (VAR)	2023	42,665
Sewage Treatment Plant	2002	825,000	4.5 (VAR)	2023	586,642
Water Tower Painting	2002	315,000	4.5 (VAR)	2023	223,989
Mansion Avenue Transmission	2002	225,000	4.5 (VAR)	2023	159,992
New Park Recreation Area	2002	300,000	4.5 (VAR)	2023	213,325
Public Improvements	2007	2,490,000	4.3 (VAR)	2027	2,145,000
					<u>\$ 4,680,000</u>

- f. The following tables summarize the City's future debt service requirements as of December 31, 2011:

<u>Year End Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 255,000	\$ 211,145
2013	265,000	199,748
2014	280,000	187,722
2015	295,000	175,029
2016	310,000	161,666
2017 - 2021	1,770,000	577,574
2022 - 2026	1,325,000	174,875
2027 - 2031	180,000	8,100
	<u>\$ 4,680,000</u>	<u>\$ 1,695,859</u>

City of Ogdensburg, New York
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g. Debt Limits

At December 31, 2011, the total outstanding indebtedness of the City aggregated \$4,680,000. Of this amount, \$4,296,019 was subject to the constitutional debt limit and represented approximately 23.72% of its statutory debt limit.

C. Interfund Receivables and payables

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

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,685,674	\$ 114,261
Capital Projects	-	1,614,639
Trust and Agency	104	-
 <u>Special Revenue</u>		
Special Grant	3,028	86,256
Insurance	-	9,146
Water	605,269	363,676
Sewer	498,969	367,046
Library/Remington	111,129	349,149
 Total	 <u>\$ 2,904,173</u>	 <u>\$ 2,904,173</u>

D. Fund Equity

For flow assumption policy regarding use of fund balance types, refer to Note 1 – N above.

Restricted for:

Unemployment Insurance	\$ 43,515 (Insurance Fund)
Community Development Projects	1,547,846 (CD Fund)
Miscellaneous	165,438 (General)
Asset Forfeiture	39,655 (General)
LWRP	77,019 (General)
Capital Projects	245,000 (General)
Capital Interest	503,008 (General)
Taxes	<u>584,395 (General)</u>

Total Restricted Fund Balance \$3,205,876

City of Ogdensburg, New York
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Unassigned:	
General	\$2,425,031
Community Development	663,514
Insurance Reserve	194,671
Water	960,210
Sewer	727,873
Library / Remington	6,676
Capital	<u>(532,544)</u>
 Total Unassigned Fund Balance	 <u>\$4,445,431</u>

City employees are entitled to coverage under the Unemployment Insurance Law. The City has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for benefits paid to former City employees and charged to the City's account.

The City has established an unemployment insurance payment reserve fund. This reserve, accounted for in the Insurance fund, had a balance of \$43,515 at December 31, 2011.

E. Deferred Compensation

Employees of the City may elect to participate in the ICMA RC Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

As of December 31, 2011, the market value of the assets of the plan totaled \$2,512,440. Under the terms of the plan agreement, these monies are subject to the claims of the City's general creditors. Accordingly, this amount is reflected as an Agency Fund asset along with a corresponding liability to the employees participating in the plan. Participating employees are general creditors of the City with no preferential claim to the deferred funds.

Note 4 - Constitutional tax limit

The constitution of the State of New York limits the amount of real property taxes which may be levied by the City. The City may levy an amount of taxes which are subject to such limit in any fiscal year not to exceed 2% of the average full valuation of taxable real estate within such City. At December 31, 2011, the City had exhausted 68.30% of its constitutional tax limit.

City of Ogdensburg, New York
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Note 5 - Leases - Lessees

Operating Leases

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2011 was \$ 13,142.

Minimum annual rentals for each of the remaining years of the leases are:
For fiscal years ended December 31:

2012	\$ 12,017
2013	9,824
2014	7,182
2015	6,398
2016	1,775

Note 6 - Prior period adjustments

In 2011 and 2010 adjustments were entered to adjust prior periods as follows:

2011

General Fund-To reconcile Due to County for YR2007 per detail from County.	\$ (3,573)
General Fund - To Adjust ANR taxes per court ruling.	(132,232)
General Fund - To Adjust Due to School District per detail from CSD.	(25,785)
General Fund - To Correct 2010 overstatement of retirement expenses.	47,796
Water Fund - To write off A/R from Cheese Plant - not to be collected	(18,124)
Sewer Fund - To write off A/R from Cheese Plant - not to be collected	(48,616)
Capital Fund - Reclassify 2010 expenditure booked in 2011	(65,539)
	<u>\$ (246,073)</u>

2010

General Fund - To Write Off 08/09 School Taxes Owed From AG-Energy Per Court Order.	\$ (12,888)
General Fund - To Write Off 2009 City/County Taxes and 09/10 School Taxes Owed From AG - Energy Per Court Order.	(195,873)
	<u>\$ (208,761)</u>

Note 7 - Contingencies

A. **State and Federal Aid**

The local government has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

B. Indian Land Claims

Certain Indian tribes had commenced a lawsuit seeking a judgment declaring the Indians had an ownership interest in more than five million acres of land in the State of New York in a longitudinal swath approximately 50 miles wide extending from the St. Lawrence River to the Pennsylvania border, including land in the City of Ogdensburg lying southwest of the Oswegatchie River. The subject land was the aboriginal land occupied by the Oneida nation prior to the American Revolution. The plaintiffs are the Oneida Indian Nation of New York, the Oneida Indian Nation of Wisconsin, and the Oneida of the Thames Band. The defendants include the State of New York, the County of St. Lawrence, 11 other counties, and various other parties, individually and as representatives.

The land in question was transferred to the State of New York under treaties negotiated in 1785 and 1788 by representatives of the State and the Oneida Indian Nation without participation by the government of the United States. The Oneidas claim that, under Article IX of the Articles of Confederation and the Proclamation of 1783, the State lacked authority to unilaterally treat with the Indians, and accordingly, that the Oneidas were entitled to recovery of the land, together with a monetary award for fair rental value of the land for the period of dispossession. Courts have upheld Indian land claims arising under the Constitution of the United States of America and the Non Intercourse Act; this case, however, is unique in that a federal court is being asked to invalidate Indian land purchases by a state prior to the adoption of the Constitution. On August 11, 2010, the Second Circuit U.S. Court of Appeals issued a ruling to dismiss the Oneida land claims and on October 17, 2011, the United States Supreme Court declined to hear the Oneida Indian Nations' land case, thus ending the 37-year old lawsuit over land ownership in New York State.

C. Other Claims

The City is currently named as a defendant in several court actions. The liability as determined by counsel would not materially affect their financial position, and has not been included in the financial statements.

On August 11, 2011, the City, County and City School District approved a stipulated agreement with a non-profit entity to refund amounts in lieu of taxes paid from 2004 through 2008. The City's portion of the refund agreed to is \$85,000. Tax rolls going forward from 2008 will recognize the exempt status of properties owned by the non-profit, per the stipulated agreement.

City of Ogdensburg, New York
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
Revenues				
Real property taxes	\$ 4,372,286	\$ 4,302,286	\$ 4,158,294	\$ (143,992)
Real property tax items	205,200	205,200	375,916	170,716
Non property tax items	2,880,000	2,880,000	3,000,449	120,449
Departmental income	423,700	419,700	736,634	316,934
Intergovernmental charges	124,618	124,618	123,553	(1,065)
Use of money and property	75,700	75,700	73,224	(2,476)
Licenses and permits	50,800	50,800	45,334	(5,466)
Fines and forfeitures	57,000	62,000	64,386	2,386
Sale of property and compensation for loss	3,500	3,500	16,887	13,387
Miscellaneous local sources	38,000	37,000	124,076	87,076
State aid	1,916,394	1,916,394	2,041,782	125,388
Federal aid	75,000	75,000	192,848	117,848
	-	-	-	-
Total Revenues	<u>10,222,198</u>	<u>10,152,198</u>	<u>10,953,383</u>	<u>801,185</u>
Other financing sources				
Transfers from other funds	489,918	489,918	172,290	(317,628)
Appropriated reserve	50,000	50,000	-	(50,000)
Appropriated fund balance	260,231	260,231	-	(260,231)
	-	-	-	-
Total Other Financing Sources	<u>800,149</u>	<u>800,149</u>	<u>172,290</u>	<u>(627,859)</u>
Total Revenues and Other Financing Sources	<u>11,022,347</u>	<u>10,952,347</u>	<u>11,125,673</u>	<u>173,326</u>
Expenditures				
General government support	1,438,149	1,431,373	1,427,545	3,828
Public safety	6,075,795	6,075,795	6,156,629	(80,834)
Transportation	1,882,801	1,649,192	1,721,376	(72,184)
Economic assistance and opportunity	68,925	68,925	61,062	7,863
Culture and recreation	546,611	546,611	567,382	(20,771)
Home and community services	-	238,385	577,041	(338,656)
Employee benefits	10,000	10,000	10,000	-
Contingency	68,000	-	-	-
Debt service	245,937	245,937	242,087	3,850
	-	-	-	-
Total Expenditures	<u>10,336,218</u>	<u>10,266,218</u>	<u>10,763,122</u>	<u>(496,904)</u>
Other financing uses				
Transfers to other funds	686,129	686,129	686,129	-
	-	-	-	-
Total Other Financing Uses	<u>686,129</u>	<u>686,129</u>	<u>686,129</u>	<u>-</u>
Total Expenditures and Other Financing (Uses)	<u>11,022,347</u>	<u>10,952,347</u>	<u>11,449,251</u>	<u>(496,904)</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	-	-	(323,578)	(323,578)
Prior Period Adjustments	-	-	(113,794)	(113,794)
Fund Balance - Beginning	-	-	4,476,918	4,476,918
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,039,546</u>	<u>\$ 4,039,546</u>

See accompanying notes to financial statements and independent auditors' report.

City of Ogdensburg, New York
Combining Balance Sheet - Special Revenue Funds
December 31, 2011

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
Assets						
Cash - Unrestricted	\$ 393,689	\$ 93,724	\$ 357,465	\$ 934	\$ 16,866	\$ 862,678
Cash - Restricted	1,547,846	43,515	-	-	-	1,591,361
Loans Receivable (Net)	4,402,829	-	-	-	-	4,402,829
Other Receivables	359,896	-	8,122	-	241,733	609,751
Water Rent Receivable	-	-	489,919	-	-	489,919
Sewer Rent Receivable	-	-	-	706,023	-	706,023
State and Federal Aid Receivable	700,032	-	-	-	-	700,032
Investments	-	111,823	-	-	-	111,823
Due from Other Funds	3,028	-	605,269	498,969	111,129	1,218,395
	<u>7,407,320</u>	<u>249,062</u>	<u>1,460,775</u>	<u>1,205,926</u>	<u>369,728</u>	<u>10,692,811</u>
Liabilities						
Accounts Payable	6,843	1,730	136,889	111,007	13,903	270,372
Due to Other Funds	86,256	9,146	363,676	367,046	349,149	1,175,273
Deferred Revenue	5,102,861	-	-	-	-	5,102,861
	<u>5,195,960</u>	<u>10,876</u>	<u>500,565</u>	<u>478,053</u>	<u>363,052</u>	<u>6,548,506</u>
Fund Balance						
Assigned	1,547,846	43,515	-	-	-	1,591,361
Unassigned	663,514	194,671	960,210	727,873	6,676	2,552,944
	<u>2,211,360</u>	<u>238,186</u>	<u>960,210</u>	<u>727,873</u>	<u>6,676</u>	<u>4,144,305</u>
Total Fund Balance	<u>2,211,360</u>	<u>238,186</u>	<u>960,210</u>	<u>727,873</u>	<u>6,676</u>	<u>4,144,305</u>
Total Liabilities and Fund Balance	<u>\$ 7,407,320</u>	<u>\$ 249,062</u>	<u>\$ 1,460,775</u>	<u>\$ 1,205,926</u>	<u>\$ 369,728</u>	<u>\$ 10,692,811</u>

City of Ogdensburg, New York
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2011

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
Revenues						
Department income	\$ -	\$ -	\$ 1,615,231	\$ 2,235,681	\$ 7,351	\$ 3,858,263
Intergovernmental charges	-	-	-	-	18,638	18,638
Use of money and property	1,065	121	304	239	-	1,729
Sale of property and compensation for loss	-	2,667	-	-	-	2,667
Miscellaneous local sources	-	-	-	-	315,154	315,154
State aid	1,172,748	-	-	-	-	1,172,748
Federal Program Income	317,656	-	-	-	-	317,656
Federal aid	32,517	-	-	-	-	32,517
Total Revenues	<u>1,523,986</u>	<u>2,788</u>	<u>1,615,535</u>	<u>2,235,920</u>	<u>341,143</u>	<u>5,719,372</u>
Expenditures						
General governmental support	-	211,458	-	-	-	211,458
Culture and recreation	-	-	-	-	940,976	940,976
Home and community services	797,059	-	1,548,720	1,773,243	-	4,119,022
Debt service: principal	-	-	22,721	214,656	-	237,377
Debt service: interest	-	-	18,801	94,964	-	113,765
Total Expenditures	<u>797,059</u>	<u>211,458</u>	<u>1,590,242</u>	<u>2,082,863</u>	<u>940,976</u>	<u>5,622,598</u>
Excess (Deficit) Revenues Over Expenditures	<u>726,927</u>	<u>(208,670)</u>	<u>25,293</u>	<u>153,057</u>	<u>(599,833)</u>	<u>96,774</u>
Other financing sources (uses)						
Interfund transfers from	-	240,000	-	-	606,129	846,129
Interfund transfers to	(86,256)	-	(80,000)	(80,000)	-	(246,256)
Total Other Financing Sources (Uses)	<u>(86,256)</u>	<u>240,000</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>606,129</u>	<u>599,873</u>
Excess (Deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>640,671</u>	<u>31,330</u>	<u>(54,707)</u>	<u>73,057</u>	<u>6,296</u>	<u>696,647</u>
Prior Period Adjustments	-	-	(18,124)	(48,616)	-	(66,740)
Fund Balance - Beginning	<u>1,570,689</u>	<u>206,856</u>	<u>1,033,041</u>	<u>703,432</u>	<u>380</u>	<u>3,514,398</u>
Fund Balance - Ending	<u>\$ 2,211,360</u>	<u>\$ 238,186</u>	<u>\$ 960,210</u>	<u>\$ 727,873</u>	<u>\$ 6,676</u>	<u>\$ 4,144,305</u>

City of Ogdensburg, New York
Schedule of Project Expenditures - Capital Projects Fund
December 31, 2011

Expenditures & Obligations to Date

<u>Project Name</u>	<u>Code</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Available Balance</u>
Ice Arena	H7181	1,158,801	1,368,564	1,373,730	-	1,373,730	(5,166)
Brownfields Projects	H3650	700,000	3,321,500	3,340,633	13,255	3,353,888	(32,388)
River Shoreline Improvements	H718201	667,000	3,906,364	3,884,610	27,880	3,912,490	(6,126)
Brownfields (Augsbury/Quik Rite) Project	H809001	200,000	200,000	153,407	43,594	197,001	2,999
Soldiers' & Sailors Mont. Rest. Project	H898901	47,000	47,000	34,276	-	34,276	12,724
Montgomery/Clickner Redevelopment	H866601	449,357	1,003,410	567,180	34,609	601,789	401,621
Shade Roller Building Demo.	H866602	700,000	1,000,000	48,801	253,607	302,408	697,592
Transient Docking	H718205	100,000	100,000	2,882	6,574	9,456	90,544
LWRP Revision	H802001	70,000	55,000	-	-	-	55,000
Paterson Street Reconstruction	H511001	905,000	905,000	287,358	252,583	539,941	365,059
Lake Street Bridge Replacement	H512001	2,500,000	2,500,000	-	935,969	935,969	1,564,031
WWTP Energy Efficiency Improvements	H813002	1,210,400	1,179,725	1,036,097	78,258	1,114,355	65,370
Brownfield Opportunity Area	H809002	355,500	355,500	3,000	29,772	32,772	322,728
Brownfield AWP Grant for BOA	H809003	145,000	145,000	-	86,034	86,034	58,966
Beaver Brook Storm Sewer Improvements	H812003	300,000	300,000	-	170,858	170,858	129,142
Solar Photovoltaic Installation	H8410	307,089	307,089	-	274,921	274,921	32,168
Totals		\$ 9,815,147	\$16,694,152	\$ 10,731,974	\$ 2,207,914	\$ 12,939,888	\$ 3,754,264

See accompanying notes to financial statements and independent auditors' report.



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Certified Public Accountants, P.C.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and members of City Council
City of Ogdensburg, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York as of and for the year ended December 31, 2011 and have issued our report thereon dated August 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

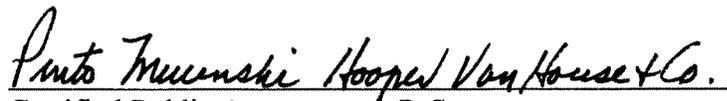
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

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

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

Very truly yours,


Piotr Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.

Ogdensburg, New York
August 30, 2012



Pinto·Mucenski·Hooper
Van House & Co.
Certified Public Accountants, P.C.

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August 30, 2012

To the Mayor and members of City Council
City of Ogdensburg
Ogdensburg, New York 13669

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 1, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under US Generally Accepted Auditing Standards, Government Auditing Standards,

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with US generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the City's financial statements follow.

Valuation of Accounts, State and Federal Aid, and Other Government Receivables

Management's estimate of the valuation of receivables is based on a review of water and sewer usage invoices, historical collection rates, contractual agreements, and an analysis of the collectability of individual receivables owed to the City. We evaluated the key factors and assumptions used to develop the valuation of receivables in determining that they are reasonable in relation to the financial statements taken as a whole.

Useful Lives Used in Providing Depreciation Expense

Management's estimate of the useful lives of assets used in providing depreciation expense is based on the requirements of generally accepted accounting principles. We evaluated the key factors and assumptions used by management in determining that depreciation expense was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements follow.

Post Employment (Health Insurance) Benefits Other Than Pensions – GASB #45

The disclosure of post employment benefits other than pensions found in Note 3(B)(2) to the financial statements of the City describes the required implementation and recording of the liability.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accounting to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,


Piotr Mucinski Hooper Van House & Co.
Certified Public Accountants, P.C.
Ogdensburg, New York