

CITY OF OGDENSBURG  
OGDENSBURG, NEW YORK

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010 AND 2009

CITY OF OGDENSBURG, NEW YORK  
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## INDEPENDENT AUDITORS' REPORT

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

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, 2010 and 2009, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As stated in the contingency section of the notes to the financial statements, certain Indian tribes have brought an action for the recovery of, and back rent on land alleged to have been illegally transferred to the State of New York under treaties negotiated in the 1780's. The claim included property in the City of Ogdensburg. This claim could result in impairment of the title to and taxability of the land in question or in a significant monetary award to the plaintiffs. Management is not able to make any determination of the outcome at the present time.

In our opinion, the financial statements referred to above, except for the effects of the above mentioned land claim, if known, 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, 2010 and 2009, 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 12, 2011 on our consideration of the City of Ogdensburg, New York's internal control over financial reporting and 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 audit was 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 introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Ogdensburg, New York. The combining 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. This information has been subjected to the auditing procedures applied in the audit 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.

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

Ogdensburg, New York  
August 12, 2011

The City of Ogdensburg offers this discussion and analysis for the fiscal year ending December 31, 2010. 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 \$35,263,975.

For the year, total revenues for the City were \$18,216,180, while total expenses were \$17,771,864. The net of the revenues and expenses leaves the City with a net increase of \$444,316.

At the end of the year, total undesignated fund balance for the General Fund was \$2,641,914, up from \$2,453,790 in the prior year. The undesignated fund balance at the end of 2010 represents 28% 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 \$5,020,000 down from \$5,415,000 at the end of 2009.

## 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, 2010, the City of Ogdensburg’s assets exceeded liabilities by \$35,263,975.

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

	Governmental Activities 2010
Current Assets	\$ 24,233,500
Noncurrent Assets	<u>35,092,392</u>
<b>Total Assets</b>	<b><u>\$ 59,325,892</u></b>
Current Liabilities	\$ 16,483,825
Noncurrent Liabilities	<u>7,578,092</u>
<b>Total Liabilities</b>	<b><u>\$ 24,061,917</u></b>

Net Assets:	
Invested in capital assets, Net of related debt	\$ 30,072,392
Restricted	2,842,046
Unrestricted	<u>2,349,537</u>
<b>Total Net Assets</b>	<b><u>\$ 35,263,975</u></b>
<b>Total Liabilities and     Net Assets</b>	<b><u>\$ 59,325,892</u></b>

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, 2010 were \$35,263,975. The majority of the net assets, \$30,072,392 or 85%, 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

	Governmental Activities 2010
<b><u>Revenues</u></b>	
Program Revenues:	
Charges for Services	\$ 5,098,996
Operating Grants and contributions	3,429,617
Capital Grants and contributions	1,926,125
General revenues:	
Property Taxes	4,108,686
Sales and Other Taxes	3,103,344
Government Aid	138,750
Other	<u>410,662</u>
<b>Total Revenues</b>	<b><u>\$ 18,216,180</u></b>

**Expenses**

General Government	\$	1,759,637
Public Safety		5,656,654
Transportation		2,164,729
Economic assistance & opportunity		42,117
Culture and recreation		1,739,503
Home and community		5,370,099
Employee Benefits		883,329
Debt Service		273,662
Compensated Absences		<u>17,450</u>
Total Expense	\$	<u>17,907,180</u>
Excess of revenues over expense		309,000
Prior Period Adjustment		<u>(208,761)</u>
Increase (Decrease) in Net Assets		100,239
Net Assets-beginning		35,163,736
Contributions to municipality		<u>0</u>
Net Assets-ending	\$	<u>35,263,975</u>

The City's total revenues for the year were \$18,216,180 versus total expenses of \$17,907,180. For the year, the City's net assets increased by \$309,000, to bring total net assets of the primary government of the City to \$35,263,975. 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 17% 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 \$2,993,104 (53%) and \$2,663,550 (47%), of the total for public safety, respectively.

Home and community total expenses for the year were \$5,370,099. Costs associated with operating the water fund were \$1,481,062 or 28% of the total while the sewer fund costs were \$2,203,970 or 41% of the total.

In 2010 our overall retirement bill was \$932,961 this is compared to \$677,446 in 2009. In 2011 we are scheduled to pay \$1,014,300. 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 \$1,638,182 for 2010.

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 \$2,641,914 and the total fund equity was \$4,476,918. 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, 2010, unreserved fund balances represent 28% of total fund expenditures (including transfers out), while total fund balance was 48% of the same amount. The total fund balance of the City's General Fund increased by \$101,452 or 2% 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 balance of \$98,359.
- 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 \$3,514,398. Components of December 31, 2010 fund balance are as follows:

Reserved	
Insurance	\$ 51,429
Water reserve	0
Sewer reserve	0
Total reserve special revenue fund balance	<u>\$ 51,429</u>
Unreserved	
Appropriated, Community development	\$ 1,014,351
Appropriated, all other special revenue funds	0
Unappropriated, all special revenue funds (excluding Community development)	<u>2,448,618</u>
Total unreserved special revenue fund balance	<u>3,462,969</u>
Total Special revenue fund balance	<u>\$ 3,514,398</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 1<sup>st</sup> 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 15<sup>th</sup>.

Between November 1 and December 15<sup>th</sup> 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 20<sup>th</sup>.

If the City Council fails to adopt a budget by December 20<sup>th</sup>, 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, 2010, amounted to \$35,092,392 (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 2010 included:

- Brownfield Projects \$240,404
- Wastewater Treatment Plant Imp. \$1,002,648
- River Shoreline Project was \$238,671
- Depreciation expense for the year was \$1,638,182.

City of Ogdensburg

	Governmental Activities 2010
Land	\$ 6,776,899
Building & Improvements	54,313,825
Machinery & Equipment	<u>22,416,903</u>
Total	<u>\$ 83,507,627</u>
Less: Acc Depreciation	<u>48,415,235</u>
Net Capital Assets	<u>\$ 35,092,392</u>

Long-term Debt

For the year, total debt decreased by \$395,000.

City of Ogdensburg  
Outstanding Debt

	Governmental <u>Activities</u>	
	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 5,020,000	5,415,000
Tax Anticipation Notes	<u>2,000,000</u>	<u>2,000,000</u>
Total	<u>\$ 7,020,000</u>	7,415,000

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, 2010 the total indebtedness subject to its Constitutional Debt limit was \$4,561,334 or 26.21% 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 2010 the City issued a Tax Anticipation Note (TAN) for \$2,000,000. This will be paid off in 2011.

## 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, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash - unrestricted	\$ 2,539,132	\$ 3,678,767
Cash - restricted	1,065,780	1,521,949
Taxes receivable (net)	3,025,569	2,851,821
Other receivables (net)	6,533,040	6,681,260
State and federal receivables	7,016,477	6,118,480
Investments	3,743,150	3,012,066
Due from other funds	-	113,681
Due from other governments	310,352	396,722
	<u>24,233,500</u>	<u>24,374,746</u>
<b>Total current assets</b>		
<b>Noncurrent assets</b>		
Capital assets (net)	35,092,392	34,746,194
	<u>35,092,392</u>	<u>34,746,194</u>
<b>Total noncurrent assets</b>		
	<u>59,325,892</u>	<u>59,120,940</u>
<b>Total assets</b>		
	<u>59,325,892</u>	<u>59,120,940</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	731,328	713,368
Accrued interest payable	44,685	47,604
Cash overdraft	71,553	325,499
Due to other governments	2,098,107	2,085,916
Deferred revenue	11,188,887	11,348,239
Due to other funds	9,265	-
Tax anticipation note payable	2,000,000	2,000,000
Current portion of long term debt	340,000	395,000
	<u>16,483,825</u>	<u>16,915,626</u>
<b>Total current liabilities</b>		
<b>Noncurrent liabilities</b>		
Serial bonds payable	4,680,000	5,020,000
Compensated absences	833,128	815,678
Post employment benefits other than pensions	2,064,964	1,205,900
	<u>7,578,092</u>	<u>7,041,578</u>
<b>Total noncurrent liabilities</b>		
	<u>24,061,917</u>	<u>23,957,204</u>
<b>Total liabilities</b>		
	<u>24,061,917</u>	<u>23,957,204</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	30,072,392	29,331,194
Restricted for:		
Unemployment insurance	51,429	51,352
Special reserves	1,531,266	1,776,751
CD projects	1,259,351	1,470,597
Unrestricted (deficit)	2,349,537	2,533,842
	<u>35,263,975</u>	<u>35,163,736</u>
<b>Total net assets</b>		
	<u>35,263,975</u>	<u>35,163,736</u>
<b>Total liabilities and net assets</b>		
	<u>\$59,325,892</u>	<u>\$59,120,940</u>

See notes to financial statements.

**City of Ogdensburg, New York**  
**Statements of Activities**  
**For the Years Ended December 31, 2010 and 2009**

	2010				2009			
	Program Revenues		Net (Expense) Revenue and Government Activities		Program Revenues		Net (Expense) Revenue and Government Activities	
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>								
General Government Support	\$ 1,759,637	\$ 597,638	\$ 1,784,404	\$ 1,725,905	\$ 1,893,050	\$ 647,832	\$ 1,890,427	\$ 189,608
Public Safety and Health	5,656,654	126,885	-	200,220	5,355,564	119,222	-	123,470
Transportation	2,164,729	39,081	258,243	-	2,259,559	59,721	-	-
Economic Assistance and Opportunity	42,117	-	-	-	49,325	-	262,720	-
Culture and Recreation	1,739,503	70,000	324,917	-	1,848,067	70,000	-	-
Home and Community Services	5,370,099	4,265,392	1,062,053	(42,654)	5,302,046	4,276,859	348,826	(1,429,241)
Employee Benefits	883,329	-	-	-	660,486	-	987,188	-
Interest on Debt	273,662	-	-	-	247,838	-	-	-
Compensated Absences - Current Year (Decrease)	17,450	-	-	(17,450)	(13,147)	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 17,907,180</b>	<b>\$ 5,098,996</b>	<b>\$ 3,429,617</b>	<b>\$ 1,926,125</b>	<b>\$ 17,602,788</b>	<b>\$ 5,173,634</b>	<b>\$ 3,489,161</b>	<b>\$ 313,078</b>
<b>General revenues</b>								
Real property taxes	4,108,686							
Real property tax items	220,316							
Non property tax items	2,883,028							
Departmental income	220,366							
Intergovernmental charges	15,942							
Use of money and property	12,153							
Licenses and permits	59,923							
Fines and forfeitures	80,050							
Sale of property and compensation for losses	11,787							
Miscellaneous local sources	10,441							
State aid not restricted to specific programs	138,750							
<b>Total General Revenues</b>	<b>7,761,442</b>							
Change in net assets	309,000							
Prior period adjustment (Note 6)	(208,761)							
<b>Net Assets - January 1, 2010</b>	<b>35,163,736</b>							
<b>Net Assets - December 31, 2010</b>	<b>\$ 35,263,975</b>							
<b>General revenues</b>								
Real property taxes	3,803,393							
Real property tax items	286,620							
Non property tax items	2,783,161							
Departmental income	245,902							
Intergovernmental charges	21,429							
Use of money and property	18,162							
Licenses and permits	46,245							
Fines and forfeitures	64,381							
Sale of property and compensation for losses	7,145							
Miscellaneous local sources	62,107							
State aid not restricted to specific programs	75,151							
<b>Total General Revenues</b>	<b>7,413,696</b>							
Change in net assets	(1,213,219)							
Prior period adjustment (Note 6)	-							
<b>Net Assets - January 1, 2009</b>	<b>36,376,955</b>							
<b>Net Assets - December 31, 2009</b>	<b>\$ 35,163,736</b>							

See notes to financial statements.

City of Ogdensburg, New York  
Balance Sheets - Governmental Funds  
December 31, 2010 and 2009

	2010			2009			Totals (Memorandum Only)
	General	Special Aid	Capital	General	Special Aid	Capital	
<b>Assets</b>							
Cash - unrestricted	\$ 273,709	\$ 891,108	\$1,374,315	\$ -	\$ 1,697,006	\$ 1,981,761	\$ 3,678,767
Cash - restricted	-	1,065,780	-	-	1,521,949	-	1,521,949
Taxes receivable (net)	3,025,569	-	-	2,851,821	-	-	2,851,821
Other receivables (net)	112,032	6,405,008	16,000	83,455	6,579,805	18,000	6,681,260
State and federal receivables	-	1,818,918	5,197,559	-	407,835	5,710,645	6,118,480
Investments	3,631,385	111,765	-	2,900,513	111,553	-	6,118,480
Prepaid Expenses	-	-	-	-	-	-	3,012,066
Due from other funds	1,706,681	1,256,121	-	2,895,238	1,227,976	-	4,123,214
Due from other governments	310,352	-	-	396,722	-	-	396,722
<b>Total assets</b>	<b>9,059,728</b>	<b>11,548,700</b>	<b>6,587,874</b>	<b>9,127,749</b>	<b>11,546,124</b>	<b>7,710,406</b>	<b>28,384,279</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	278,326	312,618	140,384	185,142	193,563	334,663	713,368
Accrued interest payable	44,685	-	-	47,604	-	-	47,604
Tax Anticipation note payable	2,000,000	-	-	2,000,000	-	-	2,000,000
Cash overdraft	-	71,553	-	325,499	-	-	325,499
Due to other funds	161,692	1,204,787	1,605,588	108,122	2,297,606	1,603,805	4,009,533
Due to other governments	2,098,107	-	-	2,085,916	-	-	2,085,916
Deferred revenue	-	6,445,344	4,743,543	-	5,687,433	5,660,806	11,348,239
<b>Total liabilities</b>	<b>4,582,810</b>	<b>8,034,302</b>	<b>6,489,515</b>	<b>4,752,283</b>	<b>8,178,602</b>	<b>7,599,274</b>	<b>20,530,159</b>
<b>Fund Balances</b>							
Reserved							
Reserve - special	1,531,266	-	-	1,776,751	-	-	1,776,751
Reserve for unemployment insurance	-	51,429	-	-	51,352	-	51,352
Unreserved							
Designated for subsequent year's expenditures	58,738	-	-	144,925	426,088	-	571,013
Designated for CD Projects	245,000	1,014,351	-	-	1,470,597	-	1,470,597
Undesignated	2,641,914	2,448,618	98,359	2,453,790	1,419,485	111,132	3,984,407
<b>Total fund balances</b>	<b>4,476,918</b>	<b>3,514,398</b>	<b>98,359</b>	<b>4,375,466</b>	<b>3,367,522</b>	<b>111,132</b>	<b>7,854,120</b>
<b>Total liabilities and fund balances</b>	<b>\$9,059,728</b>	<b>\$11,548,700</b>	<b>\$6,587,874</b>	<b>\$ 9,127,749</b>	<b>\$11,546,124</b>	<b>\$ 7,710,406</b>	<b>\$ 28,384,279</b>

**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**

	2010			2009			Total Governmental Only
	General	Special Aid	Capital	General	Special Aid	Capital	
<b>REVENUES</b>							
Real property taxes	\$ 4,108,686	\$ -	\$ -	\$ 3,803,393	\$ -	\$ -	\$ 3,803,393
Real property tax items	246,190	-	-	304,613	-	-	304,613
Non-property tax items	2,883,028	-	-	2,783,161	-	-	2,783,161
Departmental income	762,016	4,273,465	-	798,512	4,284,568	-	5,083,080
Intergovernmental charges	117,826	15,942	-	131,062	21,429	-	152,491
Use of money and property	131,227	3,128	-	167,738	6,762	-	174,500
Licences and permits	59,923	-	-	46,246	-	-	46,246
Fines and forfeitures	80,050	-	-	64,380	-	-	64,380
Sale of property and compensation for losses	3,474	8,313	-	4,368	2,777	-	7,145
Miscellaneous local sources	75,122	319,343	2,000	130,291	339,950	7,370	477,611
State aid	2,204,950	137,500	622,883	2,268,237	287,500	170,684	2,726,421
Federal Program Income	-	709,515	-	-	394,100	-	394,100
Federal aid	135,539	215,038	1,101,022	55,286	305,588	11,554	372,428
<b>Total Revenues</b>	<b>10,808,031</b>	<b>5,682,244</b>	<b>1,725,905</b>	<b>10,557,287</b>	<b>5,642,674</b>	<b>189,608</b>	<b>16,389,569</b>
<b>EXPENDITURES</b>							
General government support	1,366,873	271,737	-	1,484,065	219,285	-	1,703,350
Public safety and health	5,559,822	-	280,119	5,245,369	-	315,262	5,560,631
Transportation	1,528,840	-	287,358	1,609,853	-	-	1,609,853
Economic assistance and opportunity	42,117	-	-	49,325	-	-	49,325
Culture and recreation	583,424	942,814	241,553	612,941	939,027	471,551	2,023,519
Home and community services	570,674	4,400,957	1,002,648	676,537	4,188,521	33,449	4,898,507
Employee benefits	24,265	-	-	9,968	-	-	9,968
Debt service: principal	114,180	280,821	-	108,337	271,663	-	380,000
Debt service: interest	150,188	123,474	-	113,724	134,114	-	247,838
<b>Total Expenditures</b>	<b>9,940,383</b>	<b>6,019,803</b>	<b>1,811,678</b>	<b>9,910,119</b>	<b>5,752,610</b>	<b>820,262</b>	<b>16,482,991</b>
Excess (Deficiency) of Revenues Over Expenditures	867,648	(337,559)	(85,773)	647,168	(109,936)	(630,654)	(93,422)
<b>OTHER FINANCING SOURCES AND USES</b>							
Operating transfers in	198,094	842,529	73,000	241,430	813,193	-	1,054,623
Operating transfers (out)	(755,529)	(358,094)	-	(653,193)	(401,430)	-	(1,054,623)
<b>Total Other Sources (Uses)</b>	<b>(557,435)</b>	<b>484,435</b>	<b>73,000</b>	<b>(411,763)</b>	<b>411,763</b>	<b>-</b>	<b>-</b>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	310,213	146,876	(12,773)	235,405	301,827	(630,654)	(93,422)
Prior Period Adjustment (Note 6)	(208,761)	-	-	-	-	-	-
Fund Balance - Beginning of Year	4,375,466	3,367,522	111,132	4,140,061	3,065,695	741,786	7,947,542
Fund Balance - End of Year	\$ 4,476,918	\$ 3,514,398	\$ 98,359	\$ 4,375,466	\$ 3,367,522	\$ 111,132	\$ 7,854,120

See notes to financial statements.

**City of Ogdensburg, New York**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**December 31, 2010**

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets Totals</u>
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 2,539,132	\$ -	\$ -	\$ 2,539,132
Restricted	1,065,780	-	-	1,065,780
Receivables				
Due from other funds	2,962,802	-	(2,962,802)	-
Accounts receivable	6,533,040	-	-	6,533,040
State and federal receivables	7,016,477	-	-	7,016,477
Due from other governments	310,352	-	-	310,352
Taxes receivable	3,025,569	-	-	3,025,569
Investments	3,743,150	-	-	3,743,150
Land, buildings and equipment (net)	-	35,092,392	-	35,092,392
	<u>27,196,302</u>	<u>35,092,392</u>	<u>(2,962,802)</u>	<u>59,325,892</u>
Total Assets				
	<u>27,196,302</u>	<u>35,092,392</u>	<u>(2,962,802)</u>	<u>59,325,892</u>
<b>LIABILITIES</b>				
Payables				
Accounts payable	731,328	-	-	731,328
Accrued interest payable	44,685	-	-	44,685
Cash overdraft	71,553	-	-	71,553
Due to other funds	2,972,067	-	(2,962,802)	9,265
Deferred revenue	11,188,887	-	-	11,188,887
Serial bonds payable	-	5,020,000	-	5,020,000
Tax anticipation note payable	2,000,000	-	-	2,000,000
Due to other governments	2,098,107	-	-	2,098,107
Post employment benefits other than pensions	-	2,064,964	-	2,064,964
Compensated absences	-	833,128	-	833,128
	<u>19,106,627</u>	<u>7,918,092</u>	<u>(2,962,802)</u>	<u>24,061,917</u>
Total Liabilities				
	<u>19,106,627</u>	<u>7,918,092</u>	<u>(2,962,802)</u>	<u>24,061,917</u>
<b>FUND BALANCE/NET ASSETS</b>				
Total Fund Balance/Net Assets	<u>8,089,675</u>	<u>27,174,300</u>	<u>-</u>	<u>35,263,975</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 27,196,302</u>	<u>\$ 35,092,392</u>	<u>\$ (2,962,802)</u>	<u>\$ 59,325,892</u>
Total Governmental Fund Balance				\$ 8,089,675
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				35,092,392
<b>GASB 45</b> valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.				(2,064,964)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.				<u>(5,853,128)</u>
Net Assets of Governmental Activities				<u>\$ 35,263,975</u>

See notes to financial statements.

**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</u> <u>Governmental</u> <u>Funds</u>	<u>Long-term</u> <u>Revenues,</u> <u>Expenses</u>	<u>Capital</u> <u>Related</u> <u>Items</u>	<u>Long-term</u> <u>Debt</u> <u>Transactions</u>	<u>Statement of</u> <u>Activities</u> <u>Totals</u>
<b>Revenues</b>					
Real property taxes	\$ 4,108,686	\$ -	\$ -	\$ -	\$ 4,108,686
Real property tax items	246,190	-	-	-	246,190
Non-property tax items	2,883,028	-	-	-	2,883,028
Departmental income	5,035,481	-	-	-	5,035,481
Intergovernmental charges	133,768	-	-	-	133,768
Use of money and property	134,355	-	-	-	134,355
Licenses and permits	59,923	-	-	-	59,923
Fines and forfeitures	80,050	-	-	-	80,050
Sale of property and compensation for losses	11,787	-	-	-	11,787
Miscellaneous local sources	394,465	-	-	-	394,465
State aid	2,344,450	-	-	-	2,344,450
Federal Program Income	1,332,398	-	-	-	1,332,398
Federal aid	1,451,599	-	-	-	1,451,599
	<u>18,216,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,216,180</u>
<b>Expenditures/Expenses</b>					
General government support	1,638,610	145,318	(24,291)	-	1,759,637
Public safety and health	5,839,941	126,767	(310,054)	-	5,656,654
Transportation	1,816,198	645,792	(297,261)	-	2,164,729
Economic assistance and opportunity	42,117	-	-	-	42,117
Culture and recreation	1,767,791	266,155	(294,443)	-	1,739,503
Home and community service	5,974,279	454,151	(1,058,331)	-	5,370,099
Employee benefits	24,265	-	-	859,064	883,329
Debt service					
Principal	395,001	-	-	(395,001)	-
Interest	273,662	-	-	-	273,662
Compensated absences	-	-	-	17,450	17,450
	<u>17,771,864</u>	<u>1,638,183</u>	<u>(1,984,380)</u>	<u>481,513</u>	<u>17,907,180</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>444,316</u>	<u>(1,638,183)</u>	<u>1,984,380</u>	<u>(481,513)</u>	<u>309,000</u>
<b>Other Sources and Uses</b>					
Operating transfers in	1,113,623	-	-	-	1,113,623
Operating transfers (out)	<u>(1,113,623)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,113,623)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change For The Year	<u>\$ 444,316</u>	<u>\$(1,638,183)</u>	<u>\$ 1,984,380</u>	<u>\$ (481,513)</u>	<u>\$ 309,000</u>
<b>Net Change in Fund Balances</b>					
Depreciation expense recorded in the Statement of Activities, but not in the Governmental Funds					\$ 444,316
Expenditures for acquisition (disposition) of capital assets recorded in the Governmental funds, but not in the Statement of Activities					(1,638,183)
Repayment of bond principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					1,984,380
Expenditure for <b>GASB 45</b> valuation of postemployment benefits other than pensions recorded in the Statement of Activities, but not in the Governmental Funds					395,001
Compensated absences measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					(859,064)
Change in Nets Assets of Governmental Activities					<u>(17,450)</u>
					<u>\$ 309,000</u>

See notes to financial statements.

**City of Ogdensburg, New York  
Statements of Fiduciary Net Assets  
Agency Fund  
December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash - unrestricted	\$ 22,772	\$ 139,911
Due from other funds	9,265	-
Investments	<u>2,440,848</u>	<u>2,127,469</u>
Total Assets	<u><u>2,472,885</u></u>	<u><u>2,267,380</u></u>
<b>Liabilities</b>		
Accounts Payable	60	198
Agency liabilities	31,977	25,652
Due to other funds	-	113,681
Deferred compensation	<u>2,440,848</u>	<u>2,127,849</u>
Total Liabilities	<u><u>\$2,472,885</u></u>	<u><u>\$ 2,267,380</u></u>

City of Ogdensburg, New York  
**Statements of Changes in Fiduciary Assets and Liabilities**  
 Agency Fund  
 December 31, 2010 and 2009

	2010			2009			
	Balance January 1, 2010	Increases	Decreases	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
<b>Assets</b>							
Cash - unrestricted	\$ 139,911	\$ 3,241,598	\$ 3,358,737	\$ 20,451	\$ 3,295,860	\$ 3,176,400	\$ 139,911
Due from other funds	-	9,364	99	732	-	732	-
Investments	2,127,469	518,006	204,627	1,739,908	404,286	16,725	2,127,469
<b>Total Assets</b>	<u>2,267,380</u>	<u>3,768,968</u>	<u>3,563,463</u>	<u>1,761,091</u>	<u>3,700,146</u>	<u>3,193,857</u>	<u>2,267,380</u>
<b>Liabilities</b>							
Accounts payable	198	864,314	864,452	5,631	779,087	784,520	198
Agency liabilities	25,652	2,951,146	2,944,821	15,552	2,915,723	2,905,623	25,652
Due to other funds	113,681	-	113,681	-	113,681	-	113,681
Deferred compensation	2,127,849	692,697	379,698	1,739,908	554,546	166,605	2,127,849
<b>Total Liabilities</b>	<u>\$ 2,267,380</u>	<u>\$ 4,508,157</u>	<u>\$ 4,302,652</u>	<u>\$ 1,761,091</u>	<u>\$ 4,363,037</u>	<u>\$ 3,856,748</u>	<u>\$ 2,267,380</u>

See notes to financial statements.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 1 - Summary of significant accounting policies**

The financial statements of the City of Ogdensburg 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, 2010 and 2009**

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, 2010 and 2009**

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, 2010 and 2009**

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.

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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, 2010, real property tax receivables were \$3,025,569. 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.

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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:

	Capitalization <u>Threshold</u>	Depreciation <u>Method</u>	Estimated <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.

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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.

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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.

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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

Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Designation of unreserved fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

The following reserve funds are used by the City. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Special reserve - for continuing projects

Unemployment reserve - to fund unemployment claims

O. Inventories

Purchases of inventoriable 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.

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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, 2011 through August 12, 2011 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.

**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. Total 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.

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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.
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.

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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.

Total financial institution (bank) balances at December 31, 2010, per the banks were \$2,854,488. These deposits are categorized as follows:

1	2	3	<b>Carrying Value</b>
<u>\$1,000,000</u>	<u>\$ 1,854,488</u>	<u>\$ -</u>	<u>\$ 2,854,488</u>

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2. Unrestricted Cash - At December 31, 2010, unrestricted cash consisted of the following:

	<u>Checking</u> <u>Accounts</u>	<u>Interest</u> <u>Accounts</u>	<u>Petty</u> <u>Cash</u>	<u>Total</u>
General	\$ 150,141	\$ 122,793	\$ 775	\$ 273,709
Special Revenue:				
Community Development	106,237	316,299	-	422,536
Library/Remington	76,954	-	100	77,054
Sewer	-	-	-	-
Water	336,112	-	-	336,112
Insurance	55,406	-	-	55,406
Capital	-	1,374,315	-	1,374,315
Total	<u>\$ 724,850</u>	<u>\$ 1,813,407</u>	<u>\$ 875</u>	<u>\$ 2,539,132</u>

3. Restricted Cash - Restricted cash of \$51,429 in the Special Revenue (Insurance) Fund held for future unemployment insurance claims and \$1,014,351 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, 2010, the City's share \$3,743,150 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.

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

<u>Fund</u>	<u>Amount</u>	
General Fund	\$3,631,385	Investment Pool
Special Revenue – Risk Retention	<u>111,765</u>	Investment Pool
	<u>\$3,743,150</u>	

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

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5. Capital Assets

Capital asset balances and activity for the year ended December 31, 2010 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	\$ 5,413,459	\$ 1,811,678	\$ -	\$ 7,225,137
Land	6,776,899	-	-	6,776,899
Total nondepreciable historical cost	12,190,358	1,811,678	-	14,002,036
Capital assets that are depreciated:				
Buildings, improvements, infrastructure	46,997,590	91,098	-	47,088,688
Machinery, equipment, vehicles	22,335,299	81,604	-	22,416,903
Total depreciable historical cost	69,332,889	172,702	-	69,505,591
Less accumulated depreciation:				
Buildings, improvements, infrastructure	29,585,960	1,137,552	-	30,723,512
Machinery, equipment, vehicles	17,191,093	500,630	-	17,691,723
Total accumulated depreciation	46,777,053	1,638,182	-	48,415,235
Total depreciable historical cost, net	22,555,836	(1,465,480)	-	21,090,356
Total historical cost, net	\$ 34,746,194	\$ 346,198	\$ -	\$ 35,092,392

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Depreciation expense was charged to governmental functions as follows:

Function/Program

General Governmental Support	\$ 145,318
Public Safety	126,767
Transportation	645,792
Culture and Recreation	266,155
Home and Community	<u>454,150</u>
 Total Depreciation	 <u><u>\$1,638,182</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:

	<b>ERS</b>	<b>PFRS</b>
2010	\$525,305	\$407,656
2009	387,930	289,516
2008	395,788	302,144

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, 2010 was \$ -0-.

2. Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the year ended December 31, 2010 amounted to \$859,064. At December 31, 2010, the postemployment benefit liability for retired employees amounted to \$2,064,964.

The number of participants as of December 31, 2010 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, 2010, the annual OPEB cost amounted to \$1,541,004.

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Benefit Obligations and Normal Cost

Actuarial accrued liability (AAL)	<u>\$ 26,261,384</u>
Underfunded actuarial accrued (UAAL)	<u>\$ 26,261,384</u>
Normal cost for fiscal year	421,609
Amortization of unfunded UAAL	<u>1,115,031</u>
Annual required contribution	<u>\$ 1,536,640</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 1,536,640
Interest on net OPEB obligation	54,266
Adjustment to annual required	<u>(49,902)</u>
Annual OPEB cost (expense)	1,541,004
Contribution made on a pay-as-you-go basis	<u>(681,940)</u>
Increase in net OPEB obligation	859,064
Net OPEB obligation at beginning of year	<u>1,205,900</u>
Net OPEB obligation at end of year	<u>\$ 2,064,964</u>
Actuarial methods and assumptions:	
Discount Rate	4.50%
Initial Medical Rate	9.00%
Ultimate Medical Rate	5.00%

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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, 2010.

Tax Anticipation Notes - A tax anticipation note, series 2010 with an interest rate of 1.75%, was issued on August 5, 2010 for \$2,000,000 and matures on August 5, 2011. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2010 year.

4. Due to Other Governments

At December 31, 2010, Due to Other Governments consisted of the following:

Due to Employees' Retirement System	\$ 47,796
Due to Ogdensburg City School District	566,275
Due to St. Lawrence County	<u>1,484,036</u>
	<u>\$ 2,098,107</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.

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- 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, 2010:

Serial Bonds	\$ 4,680,000
Compensated Absences	833,128
OPEB	<u>2,064,964</u>
Total Long-Term Liabilities	<u>\$ 7,578,092</u>

- d. The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2010:

	<u>Serial Bonds</u>	<u>Compensated Absences</u>
Payable at 1/1/10	\$ 5,415,000	\$ 815,678
Additions	-	17,450
Deletions	<u>395,000</u>	-
Payable at 12/31/10	<u>\$ 5,020,000</u>	<u>\$ 833,128</u>

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

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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 12/31/10</u>
Sewer Fund Barre St.	1991	\$ 1,715,000	7.1 (VAR)	2011	\$100,000
Public Improvements	1994	1,330,000	5.5 (VAR)	2010	0
Elizabeth St. Reconstruction	2002	1,840,000	4.5 (VAR)	2023	1,385,805
Caroline St. - Sewer	2002	60,000	4.5 (VAR)	2023	45,190
Sewage Treatment Plant	2002	825,000	4.5 (VAR)	2023	621,355
Water Tower Painting	2002	315,000	4.5 (VAR)	2023	237,243
Mansion Avenue Tranmission	2002	225,000	4.5 (VAR)	2023	169,459
New Park Recreation Area	2002	300,000	4.5 (VAR)	2023	225,948
Public Improvements	2007	2,490,000	4.3 (VAR)	2027	2,235,000
					<u>\$ 5,020,000</u>

- f. The following tables summarize the City's future debt service requirements as of December 31, 2010:

<u>Year End Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 340,000	\$ 225,540
2012	255,000	211,145
2013	265,000	199,748
2014	280,000	187,722
2015	295,000	175,029
2016-2020	1,695,000	657,609
2021-2025	1,535,000	240,750
2026-2030	355,000	23,856
	<u>\$ 5,020,000</u>	<u>\$ 1,921,399</u>

**City of Ogdensburg, New York**  
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g. Debt Limits

At December 31, 2010, the total outstanding indebtedness of the City aggregated \$5,020,000. Of this amount, \$4,561,334 was subject to the constitutional debt limit and represented approximately 26.51% of its statutory debt limit.

C. Interfund Receivables and payables

Interfund receivables and payables at December 31, 2010 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,706,681	\$ 161,692
Capital Projects		1,605,588
Trust and Agency	9,265	-
 <u>Special Revenue</u>		
Special Grant	616	191,844
Insurance	-	7,978
Water	604,965	343,626
Sewer	499,180	340,056
Library/Remington	151,360	321,283
	<hr/>	<hr/>
Total	<u>\$ 2,972,067</u>	<u>\$ 2,972,067</u>

D. Fund Equity

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 \$51,429 at December 31, 2010.

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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, 2010, the market value of the assets of the plan totaled \$2,440,848. 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, 2010, the City had exhausted 73.89% of its constitutional tax limit.

**Note 5 - Leases - Lessees**

Operating Leases

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2010 was \$10,139.

Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31:

2011	\$ 9,079
2012	6,180
2013	3,987
2014	1,344
2015	560

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 6 - Prior period adjustments**

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

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.	<u>(195,873)</u>
	<u><u>\$ (208,761)</u></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.

B. Indian Land Claims

Certain Indian tribes have commenced a lawsuit seeking a judgment declaring the Indians have 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 are 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

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

U.S. Court of Appeals issued a ruling to dismiss the Oneida land claims. On or about May 16, 2011, the Oneida Indian Nation requested the United States Supreme Court hear the land claim case. The request is pending. The City is unable to estimate the cost, either financial or loss of tax base, of the claims.

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.

A judgment, in favor of a non-profit entity which owns and paid property taxes on land on the City's warrant, was reached in 2009. The entity's property was granted non-taxable treatment for the year 2004 and they have since filed for the same treatment for subsequent years. The City has appealed the judgment and it was not determined as of December 31, 2010 if the City was expected to incur a future liability.

Subsequently, on August 11, 2011, the City, County and City School District approved A stipulated agreement with the 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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<b>Revenues</b>				
Real property taxes	\$ 4,309,777	\$ 4,239,777	\$ 4,108,686	\$ (131,091)
Real property tax items	183,200	183,200	246,190	62,990
Non property tax items	2,860,000	2,860,000	2,883,028	23,028
Departmental income	453,927	447,927	762,016	314,089
Intergovernmental charges	124,500	124,500	117,826	(6,674)
Use of money and property	60,900	60,900	131,227	70,327
Licenses and permits	47,250	47,250	59,923	12,673
Fines and forfeitures	57,000	64,000	80,050	16,050
Sale of property and compensation for loss	4,000	4,000	3,474	(526)
Miscellaneous local sources	37,000	36,000	75,122	39,122
State aid	2,104,428	2,104,428	2,204,950	100,522
Federal aid	846,066	846,066	135,539	(710,527)
				-
Total Revenues	<u>11,088,048</u>	<u>11,018,048</u>	<u>10,808,031</u>	<u>(210,017)</u>
<b>Other financing sources</b>				
Transfers from other funds	547,764	547,764	198,094	(349,670)
Appropriated reserve	50,000	50,000	-	(50,000)
Appropriated fund balance	28,244	28,244	-	(28,244)
Total Other Financing Sources	<u>626,008</u>	<u>626,008</u>	<u>198,094</u>	<u>(427,914)</u>
Total Revenues and Other Financing Sources	<u>11,714,056</u>	<u>11,644,056</u>	<u>11,006,125</u>	<u>(637,931)</u>
<b>Expenditures</b>				
General government support	1,513,124	1,369,258	1,366,873	2,385
Public safety	6,742,522	6,742,522	5,559,822	1,182,700
Transportation	1,834,661	1,580,934	1,528,840	52,094
Economic assistance and opportunity	71,825	71,825	42,117	29,708
Culture and recreation	587,078	587,078	583,424	3,654
Home and community services	-	327,593	570,674	(243,081)
Employee benefits	15,000	15,000	24,265	(9,265)
Debt service	267,317	267,317	264,368	2,949
Total Expenditures	<u>11,031,527</u>	<u>10,961,527</u>	<u>9,940,383</u>	<u>1,021,144</u>
<b>Other financing uses</b>				
Transfers to other funds	682,529	682,529	755,529	(73,000)
Total Other Financing Uses	<u>682,529</u>	<u>682,529</u>	<u>755,529</u>	<u>(73,000)</u>
Total Expenditures and Other Financing (Uses)	<u>11,714,056</u>	<u>11,644,056</u>	<u>10,695,912</u>	<u>948,144</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	-	-	310,213	310,213
Prior Period Adjustment	-	-	(208,761)	(208,761)
Fund Balance - Beginning	-	-	4,375,466	4,375,466
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,476,918</u>	<u>\$ 4,476,918</u>

See paragraph on supplementary schedules included in auditors' report.

**City of Ogdensburg, New York**  
**Combining Balance Sheet - Special Revenue Funds**  
**December 31, 2010**

	<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>
<b>Assets</b>						
Cash - Unrestricted	\$ 422,536	\$ 55,406	\$ 336,112	\$ -	\$ 77,054	\$ 891,108
Cash - Restricted	1,014,351	51,429	-	-	-	1,065,780
Loans Receivable (Net)	4,738,945	-	-	-	-	4,738,945
Other Receivables	390,514	-	4,883	-	95,750	491,147
Water Rent Receivable	-	-	467,809	-	-	467,809
Sewer Rent Receivable	-	-	-	707,107	-	707,107
State and Federal Aid Receivable	1,818,918	-	-	-	-	1,818,918
Investments	-	111,765	-	-	-	111,765
Due from Other Funds	616	-	604,965	499,180	151,360	1,256,121
	<u>8,385,880</u>	<u>218,600</u>	<u>1,413,769</u>	<u>1,206,287</u>	<u>324,164</u>	<u>11,548,700</u>
<b>Liabilities</b>						
Accounts Payable	179,105	3,766	36,614	90,632	2,501	312,618
Cash Overdraft	-	-	-	71,553	-	71,553
Due to Other Funds	191,844	7,978	343,626	340,056	321,283	1,204,787
Deferred Revenue	6,444,242	-	488	614	-	6,445,344
	<u>6,815,191</u>	<u>11,744</u>	<u>380,728</u>	<u>502,855</u>	<u>323,784</u>	<u>8,034,302</u>
<b>Fund Balance</b>						
Reserved						
Reserve for Unemployment Insurance	-	51,429	-	-	-	51,429
Unreserved						
Designated for Subsequent Year's Expenditures						
Designated for community development projects	1,014,351	-	-	-	-	1,014,351
Undesignated	556,338	155,427	1,033,041	703,432	380	2,448,618
	<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>
Total Fund Balance	<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>
Total Liabilities and Fund Balance	<u>\$ 8,385,880</u>	<u>\$ 218,600</u>	<u>\$ 1,413,769</u>	<u>\$ 1,206,287</u>	<u>\$ 324,164</u>	<u>\$ 11,548,700</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, 2010**

	<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>
<b>Revenues</b>						
Department income	\$ -	\$ -	\$ 1,704,335	\$ 2,561,057	\$ 8,073	\$ 4,273,465
Intergovernmental charges	-	-	-	-	15,942	15,942
Use of money and property	2,253	290	328	257	-	3,128
Sale of property and compensation for loss	-	8,313	-	-	-	8,313
Miscellaneous local sources	-	-	-	-	319,343	319,343
State aid	137,500	-	-	-	-	137,500
Federal Program Income	709,515	-	-	-	-	709,515
Federal aid	215,038	-	-	-	-	215,038
<b>Total Revenues</b>	<u>1,064,306</u>	<u>8,603</u>	<u>1,704,663</u>	<u>2,561,314</u>	<u>343,358</u>	<u>5,682,244</u>
<b>Expenditures</b>						
General governmental support	-	271,737	-	-	-	271,737
Culture and recreation	-	-	-	-	942,814	942,814
Home and community services	1,117,147	-	1,417,711	1,866,099	-	4,400,957
Debt service: principal	-	-	42,964	234,834	3,023	280,821
Debt service: interest	-	-	20,387	103,037	50	123,474
<b>Total Expenditures</b>	<u>1,117,147</u>	<u>271,737</u>	<u>1,481,062</u>	<u>2,203,970</u>	<u>945,887</u>	<u>6,019,803</u>
Excess (Deficit) Revenues Over Expenditures	<u>(52,841)</u>	<u>(263,134)</u>	<u>223,601</u>	<u>357,344</u>	<u>(602,529)</u>	<u>(337,559)</u>
<b>Other financing sources (uses)</b>						
Interfund transfers from	-	240,000	-	-	602,529	842,529
Interfund transfers to	<u>(198,094)</u>	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(358,094)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(198,094)</u>	<u>240,000</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>602,529</u>	<u>484,435</u>
Excess (Deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(250,935)</u>	<u>(23,134)</u>	<u>143,601</u>	<u>277,344</u>	<u>-</u>	<u>146,876</u>
Fund Balance - Beginning	<u>1,821,624</u>	<u>229,990</u>	<u>889,440</u>	<u>426,088</u>	<u>380</u>	<u>3,367,522</u>
Fund Balance - Ending	<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>

**City of Ogdensburg, New York**  
**Schedule of Project Expenditures - Capital Projects Fund**  
**December 31, 2010**

Project Name	Code	Original Appropriation	Revised Appropriation	Prior Years	Expenditures & Obligations to Date		Available Balance
					Current Year	Total	
Brownfields Projects	H3650	700,000	3,321,500	3,219,777	120,856	3,340,633	(19,133)
River Shoreline Improvements	H718201	667,000	3,906,364	3,645,940	238,671	3,884,611	21,753
Sewage Treatment Plant Improvements	H813001	825,000	693,875	675,233	-	675,233	18,642
Brownfields (Augsbury/Quik Rite) Project	H809001	200,000	200,000	33,859	119,548	153,407	46,593
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	540,317	26,863	567,180	436,230
Shade Roller Building Demo.	H866602	700,000	940,000	38,949	9,852	48,801	891,199
Transient Docking	H718205	100,000	100,000	-	2,882	2,882	97,118
LWRP Revision	H802001	70,000	55,000	-	-	-	55,000
Paterson Street Reconstruction	H511001	905,000	905,000	-	287,358	287,358	617,642
Lake Street Bridge Replacement	H512001	2,500,000	2,500,000	-	-	-	2,500,000
WWTP Energy Efficiency Improvements	H813002	1,210,400	1,179,725	33,449	1,002,648	1,036,097	143,628
Brownfield Opportunity Area	H809002	355,500	355,500	-	3,000	3,000	352,500
Brownfield AWP Grant for BOA	H809003	145,000	145,000	-	-	-	145,000
Beaver Brook Storm Sewer Improvements	H812003	300,000	300,000	-	-	-	300,000
<b>Totals</b>		<b>\$ 9,174,257</b>	<b>\$15,652,374</b>	<b>\$ 8,221,800</b>	<b>\$ 1,811,678</b>	<b>\$ 10,033,478</b>	<b>\$ 5,618,896</b>

See notes to financial statements.



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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 the 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 as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 12, 2011. 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 opinion 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 misstatements on a timely basis. A *material weakness in internal control* is a deficiency, or combination of significant 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.

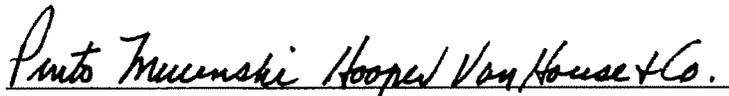
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 audit committee, management, and 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,

Handwritten signature in cursive script: P. Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

Ogdensburg, New York

August 12, 2011



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

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the City of Ogdensburg's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2010.

## Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with compliance requirements referred to above. In planning and performing our

audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and 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

August 12, 2011

**City of Ogdensburg, New York  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010**

<u>Federal Grantor/Program Title/Grant Number</u>	<u>Federal CFDA Number</u>	<u>Direct/ Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Housing and Urban Development</u>			
Passed through the NYS Housing Finance Agency:			
Neighborhood Stabilization Program	14.228	-	\$ <u>171,545</u>
<i>Total Passed through the NYS Housing Finance Agency</i>			<u>171,545</u>
 <u>Department of Homeland Security</u>			
Passed through the NYS Comptroller's Office:			
Operation Stonegarden	97.067	-	<u>135,539</u>
<i>Total Passed through the NYS Comptroller's Office</i>			<u>135,539</u>
 <u>U.S. Department of Environmental Protection Agency</u>			
Direct Awards:			
Brownfields	66.818	-	119,548
ARRA	66.458	-	<u>970,554</u>
<i>Total Direct Awards</i>			<u>1,090,102</u>
 <b>Total Federal Awards Expended</b>			 <b><u>\$ 1,397,186</u></b>

**City of Ogdensburg, New York**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2010**

**Note 1 - Summary of Certain Significant Accounting Policies:**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the City, which is described in Note 1 to the City's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The City's policy is not to charge federal award programs with indirect costs.

Matching costs (the City's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the City's reporting system.

**Note 2- Subrecipients:**

No amounts were provided to subrecipients.

**Note 3 - Other Disclosures:**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the City's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**City of Ogdensburg, New York  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2010**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses a qualified opinion on the financial statements of the City of Ogdensburg, New York.
2. No deficiencies were disclosed during the audit of the financial statements as reported in the **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***.
3. No instances of noncompliance material to the financial statements of the City of Ogdensburg, New York, which would be required to be reported in accordance with ***Government Auditing Standards*** were disclosed during the audit.
4. No control deficiencies in internal control over major federal award programs were disclosed during the audit or reported in the **Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with *OMB Circular A-133***.
5. The auditors' report on compliance for the major federal award program for the City of Ogdensburg, New York expresses an unqualified opinion on the major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of ***OMB Circular A-133*** are reported in this Schedule.
7. The programs tested as major programs included:
  - U.S. Environmental Protection Agency: ARRA–Green Innovation Program, 66.458.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Ogdensburg, New York was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE



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## AUDITOR'S REPORT ON STATUS OF PRIOR AUDIT FINDINGS

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

We have audited the financial statements of the City of Ogdensburg, New York as of and for the year ended December 31, 2010, and have issued our report thereon dated August 12, 2011. We conducted our audit in accordance with U. S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of *OMB Circular A-133*.

As an integral part of our audit of said financial statements, we conduct a follow-up on known findings and recommendations from previous audits that have an effect on the current audit objectives. However, there were no findings from the previous audit that had an effect on the current audit.

Very truly yours,

*Pinto Mucenski Hooper Van House & Co.*

Certified Public Accountants, P.C.

Ogdensburg, New York

August 12, 2011



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August 12, 2011

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, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, **Government Auditing Standards**, and **OMB Circular A-133**, 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 May 16, 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, and OMB Circular A-133

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. Also, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with **OMB Circular A-133**.

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, 2010. 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 12, 2011.

*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