

CITY OF OGDENSBURG
OGDENSBURG, NEW YORK

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009 AND 2008

CITY OF OGDENSBURG, NEW YORK
TABLE OF CONTENTS
DECEMBER 31, 2009 AND 2008

	<u>Page(s)</u>
<u>Independent Auditors' Report</u>	1 - 2
<u>Management's Discussion and Analysis</u>	3 - 12
<u>Statements of Net Assets</u>	13
<u>Statements of Activities</u>	14
<u>Balance Sheets – Governmental Funds</u>	15
<u>Statements of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds</u>	16
<u>Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets</u>	17
<u>Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities</u>	18
<u>Statements of Fiduciary Net Assets – Agency Fund</u>	19
<u>Statements of Changes in Fiduciary Assets and Liabilities - Agency Fund</u>	20
<u>Notes to Financial Statements</u>	21 - 44
SUPPLEMENTAL INFORMATION	
<u>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund</u>	45
<u>Combining Balance Sheet - Special Revenue Funds</u>	46
<u>Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds</u>	47

CITY OF OGDENSBURG, NEW YORK
TABLE OF CONTENTS
DECEMBER 31, 2009 AND 2008

	<u>Page(s)</u>
<u>Schedule of Project Expenditures - Capital Projects Fund</u>	48
<u>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></u>	49 - 50
<u>Auditors' Required Communications</u>	51 - 53



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of the City Council
City of Ogdensburg
St. Lawrence County
Ogdensburg, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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 includes 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, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Mayor and Members of the City Council
City of Ogdensburg

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2010, 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, 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 read in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and page 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogdensburg, New York's basic financial statements as a whole. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.


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

Ogdensburg, New York
August 6, 2010

The City of Ogdensburg offers this discussion and analysis for the fiscal year ending December 31, 2009. 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 \$35,163,736.

For the year, total revenues for the City were \$16,389,569, while total expenses were \$16,482,991. The net of the revenues and expenses leaves the City with a net decrease of \$93,422.

At the end of the year, total undesignated fund balance for the General Fund was \$2,453,790, up from \$2,228,790 in the prior year. The undesignated fund balance at the end of 2009 represents 23% 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 \$5,415,000 down from \$5,795,000 at the end of 2008.

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, 2009, the City of Ogdensburg’s assets exceeded liabilities by \$35,163,736.

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

City of Ogdensburg’s Net Assets

	<u>Governmental Activities 2009</u>
Current Assets	\$ 24,374,746
Noncurrent Assets	<u>34,746,194</u>
Total Assets	<u><u>59,120,940</u></u>
Current Liabilities	\$ 16,915,626
Noncurrent Liabilities	<u>7,041,578</u>
Total Liabilities	<u><u>\$ 23,957,204</u></u>

Net Assets:

Invested in capital assets, Net of related debt	\$ 29,331,194
Restricted	0
Unrestricted	<u>5,832,542</u>
Total Net Assets	<u>\$ 35,163,736</u>

Total Liabilities and Net Assets	<u>\$ 59,120,940</u>
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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, 2009 were \$35,163,736. The majority of the net assets, \$29,331,194 or 83%, are tied up in capital assets (net of related debt).

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

City of Ogdensburg
Change in Net Assets

	<u>Governmental Activities 2009</u>
<u>Revenues</u>	
Program Revenues:	
Charges for Services	\$ 5,173,634
Operating Grants and contributions	3,489,161
Capital Grants and contributions	313,078
General revenues:	
Property Taxes	3,803,393
Sales and Other Taxes	3,069,781
Government Aid	75,151
Other	<u>465,371</u>
Total Revenues	<u>\$ 16,389,569</u>
<u>Expenses</u>	
General Government	\$ 1,893,050
Public Safety	5,355,564
Transportation	2,259,559
Economic assistance & opportunity	49,325
Culture and recreation	1,848,067
Home and community	5,302,046
Employee Benefits	660,486

Debt Service	247,838
Compensated Absences	<u>(13,147)</u>
Total Expense	<u>\$ 17,602,788</u>
Excess of revenues over expense	(1,213,219)
Prior Period Adjustment	<u>0</u>
Increase (Decrease) in Net Assets	(1,213,219)
Net Assets-beginning	36,376,955
Contributions to municipality	<u>0</u>
Net Assets-ending	<u>\$ 35,163,736</u>

The City's total revenues for the year were \$16,389,569 versus total expenses of \$17,602,788. For the year, the City's net assets decreased by \$1,213,219, or 3%, to bring total net assets of the primary government of the City to \$35,163,736. 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 19% 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 \$2,783,590 (53%) and \$2,461,279 (47%), of the total for public safety, respectively.

Home and community total expenses for the year were \$5,302,046. Costs associated with operating the water fund were \$1,499,206 or 28% of the total while the sewer fund costs were \$2,130,819 or 40% of the total.

In 2009 our overall retirement bill was \$677,446 this is compared to \$697,932 in 2008. In 2010 we are scheduled to pay \$1,003,231. 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 \$1,798,709 for 2009.

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 \$2,453,790 and

the total fund equity was \$4,375,466. 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, 2009, unreserved fund balances represent 23% of total fund expenditures (including transfers out), while total fund balance was 41% of the same amount. The total fund balance of the City's General Fund increased by \$235,405 or 6% 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 \$111,132.
- 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 \$3,367,522. Components of December 31, 2009 fund balance are as follows:

Reserved	
Insurance	\$ 51,352
Water reserve	0
Sewer reserve	0
Total reserve special revenue fund balance	<u>\$ 51,352</u>
Unreserved	
Appropriated, Community development	\$ 1,470,597
Appropriated, all other special revenue funds	426,088
Unappropriated, all special revenue funds (excluding Community development)	<u>1,419,485</u>
Total unreserved special revenue fund balance	<u>3,316,170</u>
 Total Special revenue fund balance	 <u>\$ 3,367,522</u>

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

4. BUDGETARY HIGHLIGHTS

The City Charter requires the City Manager to submit a budget with an accompanying written budget report to the City Council on or before November 1st for the next fiscal year. The budget shall provide a complete financial plan of all City fund and activities for the ensuing fiscal year.

A summary of the proposed budget, a notice of when and where the budget and budget report are available for public inspection, and the time and place of a public hearing on the proposed budget shall be published in the local newspaper. A public hearing shall be held on the proposed budget no later than December 15th.

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

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

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

5. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental activities as of December 31, 2009, amounted to \$34,746,194 (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 2009 included:

- Brownfield Project \$178,401
- River Shoreline Project was \$471,551
- Depreciation expense for the year was \$1,798,709.

City of Ogdensburg

	Governmental Activities 2009
Land	\$ 6,776,899
Building & Improvements	52,411,049
Machinery & Equipment	22,335,299
Total	<u>\$ 81,523,247</u>
Less: Acc Depreciation	<u>46,777,053</u>
Net Capital Assets	<u>\$ 34,746,194</u>

Long-term Debt

For the year, total debt decreased by \$380,000.

	City of Ogdensburg Outstanding Debt	
		Governmental Activities
	2009	2008
General Obligation Bonds	\$ 5,415,000	5,795,000
Tax Anticipation Notes	2,000,000	0
Total	\$ 7,415,000	5,795,000

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, 2009 the total indebtedness subject to its Constitutional Debt limit was \$4,930,853 or 29.78% 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 2009 the City issued a Tax Anticipation Note (TAN) for \$2,000,000. This will be paid off in 2010.

6. ECONOMIC FACTORS

Ogdensburg is designed Empire Zone, one of 84 in New York State. The program offers the most comprehensive package of business incentive available in New York State. The City has been using this program to promote job retention and job growth at existing businesses while marketing the program and the City to prospective new employers. There are now 50 certified private businesses in the program with over 1,300 employees. This program is scheduled to sunset June 2010; however, NYS anticipates the creation of a replacement program to assist with economic development efforts.

The City's joint marketing efforts with the Joint Economic Development Committee, including the Towns of Oswegatchie and Lisbon as well as the OBPA, have reached across Ontario and Quebec, CA marketing the opportunity for Canadian based businesses to expand into 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 24,000sf 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 Growth Fund Development Corporation is administering the \$200,000 New York Main Street grant promoting the revitalization of one of Ogdensburg's first settlements, the Marina District. The City has just been informed of assistance from Sen. Darrel Aubertine for the replacement of the Lake Street Bridge and upsized water and sewer infrastructure which will serve existing and planned development on the City's west side and waterfront. Additionally, the St. Lawrence Housing Council was recently awarded another \$200,000 New York Main Street grant for the revitalization of the core downtown target area extending 2 blocks from the intersection of Ford and State Streets, construction expected to begin within one year. 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. "Defining Ogdensburg's Future" a community planning and economic development summit is scheduled for September 24-26, 2009, during which stakeholders of the community will convene to determine the direction of the community through a visioning effort as regards Ogdensburg's future development.

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash - unrestricted	\$ 3,678,767	\$ 2,827,273
Cash - restricted	1,521,949	1,752,280
Taxes receivable (net)	2,851,821	1,966,470
Other receivables (net)	6,681,260	6,390,765
State and federal receivables	6,118,480	3,027,510
Investments	3,012,066	3,855,282
Prepaid expenses	-	2,225
Due from other funds	113,681	-
Due from other governments	396,722	312,098
	<u>24,374,746</u>	<u>20,133,903</u>
Total current assets		
Noncurrent assets		
Capital assets (net)	34,746,194	35,608,620
	<u>34,746,194</u>	<u>35,608,620</u>
Total noncurrent assets		
Total assets		
	<u>59,120,940</u>	<u>55,742,523</u>
Liabilities		
Current liabilities		
Accounts payable	713,368	435,486
Accrued interest payable	47,604	51,798
Cash overdraft	325,499	51,223
Due to other governments	2,085,916	4,162,142
Deferred revenue	11,348,239	7,484,980
Due to other funds	-	732
Tax anticipation note payable	2,000,000	-
Current portion of long term debt	395,000	380,000
	<u>16,915,626</u>	<u>12,566,361</u>
Total current liabilities		
Noncurrent liabilities		
Serial bonds payable	5,020,000	5,415,000
Compensated absences	815,678	828,825
Post employment benefits other than pensions	1,205,900	555,382
	<u>7,041,578</u>	<u>6,799,207</u>
Total noncurrent liabilities		
Total liabilities		
	<u>23,957,204</u>	<u>19,365,568</u>
Net assets		
Invested in capital assets, net of related debt	29,331,194	29,813,620
Restricted for:		
Unemployment insurance	51,352	51,257
Special reserves	1,776,751	1,755,176
CD projects	1,470,597	1,701,023
Unrestricted (deficit)	2,533,842	3,055,879
	<u>35,163,736</u>	<u>36,376,955</u>
Total net assets		
Total liabilities and net assets		
	<u>\$59,120,940</u>	<u>\$55,742,523</u>

City of Ogdensburg, New York
Balance Sheets - Governmental Funds
December 31, 2009 and 2008

	2009				2008			
	General	Special Aid	Capital	Totals (Memorandum Only)	General	Special Aid	Capital	Totals (Memorandum Only)
Assets								
Cash - unrestricted	\$ -	\$ 1,697,006	\$ 1,981,761	\$ 3,678,767	\$ 285,147	\$ 1,041,282	\$ 1,500,844	\$ 2,827,273
Cash - restricted	-	1,521,949	-	1,521,949	-	1,752,280	-	1,752,280
Taxes receivable (net)	2,851,821	-	-	2,851,821	1,966,470	-	-	1,966,470
Other receivables (net)	83,455	6,579,805	18,000	6,681,260	96,621	6,273,144	21,000	6,390,765
State and federal receivables	-	407,835	5,710,645	6,118,480	-	674,202	2,353,308	3,027,510
Investments	2,900,513	111,553	-	3,012,066	3,744,031	111,251	-	3,855,282
Prepaid Expenses	-	-	-	-	2,225	-	-	2,225
Due from other funds	2,895,238	1,227,976	-	4,123,214	2,212,413	1,218,841	-	3,431,254
Due from other governments	396,722	-	-	396,722	312,098	-	-	312,098
Total assets	9,127,749	11,546,124	7,710,406	28,384,279	8,619,005	11,071,000	3,875,152	23,565,157
Liabilities and Fund Balances								
Liabilities								
Accounts payable	185,142	193,563	334,663	713,368	163,472	248,336	23,678	435,486
Accrued interest payable	47,604	-	-	47,604	51,798	-	-	51,798
Tax Anticipation note payable	2,000,000	-	-	2,000,000	-	-	-	-
Cash overdraft	325,499	-	-	325,499	-	-	-	-
Due to other funds	108,122	2,297,606	1,603,805	4,009,533	101,532	1,728,746	1,601,708	51,223
Due to other governments	2,085,916	-	-	2,085,916	4,162,142	-	-	3,431,986
Deferred revenue	-	5,687,433	5,660,806	11,348,239	-	5,977,000	1,507,980	4,162,142
Total liabilities	4,752,283	8,178,602	7,599,274	20,530,159	4,478,944	8,005,305	3,133,366	15,617,615
Fund Balances								
Reserved								
Reserve - special	1,776,751	-	-	1,776,751	1,755,176	-	-	1,755,176
Reserve for unemployment insurance	-	51,352	-	51,352	-	51,257	-	51,257
Unreserved								
Designated for subsequent year's expenditures	144,925	426,088	-	571,013	156,095	117,655	-	273,750
Designated for CD Projects	-	1,470,597	-	1,470,597	-	1,701,023	-	1,701,023
Undesignated	2,453,790	1,419,485	111,132	3,984,407	2,228,790	1,195,760	741,786	4,166,336
Total fund balances	4,375,466	3,367,522	111,132	7,854,120	4,140,061	3,065,695	741,786	7,947,542
Total liabilities and fund balances	\$ 9,127,749	\$ 11,546,124	\$ 7,710,406	\$ 28,384,279	\$ 8,619,005	\$ 11,071,000	\$ 3,875,152	\$ 23,565,157

City of Ogdensburg, New York
Statements of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For The Years Ended December 31, 2009 and 2008

	2009			2008				
	General	Special Aid	Capital	Total Governmental Only	General	Special Aid	Capital	Total Governmental Only
REVENUES								
Real property taxes	\$ 3,803,393	\$ -	\$ -	\$ 3,803,393	\$ 3,814,280	\$ -	\$ -	\$ 3,814,280
Real property tax items	304,613	-	-	304,613	154,119	-	-	154,119
Non-property tax items	2,783,161	-	-	2,783,161	2,968,083	-	-	2,968,083
Departmental income	798,512	4,284,568	-	5,083,080	749,176	4,089,304	-	4,838,480
Intergovernmental charges	131,062	21,429	-	152,491	70,668	21,556	-	92,224
Use of money and property	167,738	6,762	-	174,500	168,321	50,962	-	219,283
Licences and permits	46,246	-	-	46,246	44,724	-	-	44,724
Fines and forfeitures	64,380	-	-	64,380	58,318	-	-	58,318
Sale of property and compensation for losses	4,368	2,777	-	7,145	64,803	1,127	-	65,930
Miscellaneous local sources	130,291	339,950	7,370	477,611	118,852	297,705	3,150	419,707
State aid	2,268,237	287,500	170,684	2,726,421	2,298,145	244,400	2,649,905	5,192,450
Federal Program Income:	-	394,100	-	394,100	-	421,016	-	421,016
Federal aid	55,286	305,588	11,554	372,428	-	702,053	2,100	704,153
Total Revenues	10,557,287	5,642,674	189,608	16,389,569	10,509,489	5,828,123	2,655,155	18,992,767
EXPENDITURES								
General government support	1,484,065	219,285	-	1,703,350	1,479,548	189,348	-	1,668,896
Public safety and health	5,245,369	-	315,262	5,560,631	5,278,516	-	1,470,360	6,748,876
Transportation	1,609,853	-	-	1,609,853	2,193,042	-	-	2,193,042
Economic assistance and opportunity	49,325	-	-	49,325	53,085	-	-	53,085
Culture and recreation	612,941	939,027	471,551	2,023,519	667,833	903,377	385,712	1,956,922
Home and community services	676,537	4,188,521	33,449	4,898,507	597,759	4,687,280	17,207	5,302,246
Employee benefits	9,968	-	-	9,968	5,888	-	-	5,888
Debt service: principal	108,337	271,663	-	380,000	102,917	262,083	-	365,000
Debt service: interest	113,724	134,114	-	247,838	118,948	143,987	-	262,935
Total Expenditures	9,910,119	5,752,610	820,262	16,482,991	10,497,536	6,186,075	1,873,279	18,556,890
Excess (Deficiency) of Revenues Over Expenditures	647,168	(109,936)	(630,654)	(93,422)	11,953	(357,952)	781,876	435,877
OTHER FINANCING SOURCES AND USES								
Operating transfers in	241,430	813,193	-	1,054,623	236,538	800,971	-	1,037,509
Operating transfers (out)	(653,193)	(401,430)	-	(1,054,623)	(650,971)	(386,538)	-	(1,037,509)
Total Other Sources (Uses)	(411,763)	411,763	-	-	(414,433)	414,433	-	-
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	235,405	301,827	(630,654)	(93,422)	(402,480)	56,481	781,876	435,877
Prior Period Adjustment (Note 6)	-	-	-	-	661,185	112,014	-	773,199
Fund Balance - Beginning of Year	4,140,061	3,065,695	741,786	7,947,542	3,881,356	2,897,200	(40,090)	6,738,466
Fund Balance - End of Year	\$ 4,375,466	\$ 3,367,522	\$ 111,132	\$ 7,854,120	\$ 4,140,061	\$ 3,065,695	\$ 741,786	\$ 7,947,542

See notes to financial statements.

City of Ogdensburg, New York
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2009

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets Totals</u>
ASSETS				
Cash				
Unrestricted	\$ 3,678,767	\$ -	\$ -	\$ 3,678,767
Restricted	1,521,949	-	-	1,521,949
Receivables				
Due from other funds	4,123,214	-	(4,009,533)	113,681
Accounts receivable	6,681,260	-	-	6,681,260
State and federal receivables	6,118,480	-	-	6,118,480
Due from other governments	396,722	-	-	396,722
Taxes receivable	2,851,821	-	-	2,851,821
Investments	3,012,066	-	-	3,012,066
Land, buildings and equipment (net)	-	34,746,194	-	34,746,194
	<u>28,384,279</u>	<u>34,746,194</u>	<u>(4,009,533)</u>	<u>59,120,940</u>
Total Assets				
LIABILITIES				
Payables				
Accounts payable	713,368	-	-	713,368
Accrued interest payable	47,604	-	-	47,604
Cash overdraft	325,499	-	-	325,499
Due to other funds	4,009,533	-	(4,009,533)	-
Deferred revenue	11,348,239	-	-	11,348,239
Serial bonds payable	-	5,415,000	-	5,415,000
Tax anticipation note payable	2,000,000	-	-	2,000,000
Due to other governments	2,085,916	-	-	2,085,916
Post employment benefits other than pensions	-	1,205,900	-	1,205,900
Compensated absences	-	815,678	-	815,678
	<u>20,530,159</u>	<u>7,436,578</u>	<u>(4,009,533)</u>	<u>23,957,204</u>
Total Liabilities				
FUND BALANCE/NET ASSETS				
Total Fund Balance/Net Assets	<u>7,854,120</u>	<u>27,309,616</u>	<u>-</u>	<u>35,163,736</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 28,384,279</u>	<u>\$ 34,746,194</u>	<u>\$ (4,009,533)</u>	<u>\$ 59,120,940</u>
Total Governmental Fund Balance				\$ 7,854,120
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				34,746,194
GASB 45 valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.				(1,205,900)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.				<u>(6,230,678)</u>
Net Assets of Governmental Activities				<u>\$ 35,163,736</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, 2009

	Total Governmental Funds	Long-term Revenues, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues					
Real property taxes	\$ 3,803,393	\$ -	\$ -	\$ -	\$ 3,803,393
Real property tax items	304,613	-	-	-	304,613
Non-property tax items	2,783,161	-	-	-	2,783,161
Departmental income	5,083,080	-	-	-	5,083,080
Intergovernmental charges	152,491	-	-	-	152,491
Use of money and property	174,500	-	-	-	174,500
Licenses and permits	46,246	-	-	-	46,246
Fines and forfeitures	64,380	-	-	-	64,380
Sale of property and compensation for losses	7,145	-	-	-	7,145
Miscellaneous local sources	477,611	-	-	-	477,611
State aid	2,726,421	-	-	-	2,726,421
Federal Program Income	394,100	-	-	-	394,100
Federal aid	372,428	-	-	-	372,428
Total Revenues	16,389,569	-	-	-	16,389,569
Expenditures/Expenses					
General government support	1,703,350	195,560	(5,860)	-	1,893,050
Public safety and health	5,560,631	131,285	(336,352)	-	5,355,564
Transportation	1,609,853	662,555	(12,849)	-	2,259,559
Economic assistance and opportunity	49,325	-	-	-	49,325
Culture and recreation	2,023,519	302,096	(477,548)	-	1,848,067
Home and community service	4,898,507	507,214	(103,675)	-	5,302,046
Employee benefits	9,968	-	-	650,518	660,486
Debt service					
Principal	380,000	-	-	(380,000)	-
Interest	247,838	-	-	-	247,838
Compensated absences	-	-	-	(13,147)	(13,147)
Total Expenditures	16,482,991	1,798,710	(936,284)	257,371	17,602,788
Excess (Deficiency) Of Revenues Over Expenditures	(93,422)	(1,798,710)	936,284	(257,371)	(1,213,219)
Other Sources and Uses					
Operating transfers in	1,054,623	-	-	-	1,054,623
Operating transfers (out)	(1,054,623)	-	-	-	(1,054,623)
Total Other Sources (Uses)	-	-	-	-	-
Net Change For The Year	\$ (93,422)	\$(1,798,710)	\$ 936,284	\$ (257,371)	\$(1,213,219)
Net Change in Fund Balances					
Depreciation expense recorded in the Statement of Activities, but not in the Governmental Funds					\$ (93,422)
Expenditures for acquisition (disposition) of capital assets recorded in the Governmental funds, but not in the Statement of Activities					(1,798,710)
Repayment of bond principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					936,284
Expenditure for GASB 45 valuation of postemployment benefits other than pensions recorded in the Statement of Activities, but not in the Governmental Funds					380,000
Compensated absences measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					(650,518)
Change in Nets Assets of Governmental Activities					13,147
					<u>\$ (1,213,219)</u>

See notes to financial statements.

**City of Ogdensburg, New York
 Statements of Fiduciary Net Assets
 Agency Fund
 December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash - unrestricted	\$ 139,911	\$ 20,451
Due from other funds	-	732
Investments	<u>2,127,469</u>	<u>1,739,908</u>
 Total Assets	 <u><u>2,267,380</u></u>	 <u><u>1,761,091</u></u>
Liabilities		
Accounts Payable	198	-
Agency liabilities	25,652	21,183
Due to other funds	113,681	-
Deferred compensation	<u>2,127,849</u>	<u>1,739,908</u>
 Total Liabilities	 <u><u>\$2,267,380</u></u>	 <u><u>\$ 1,761,091</u></u>

City of Ogdensburg, New York
Statements of Changes in Fiduciary Assets and Liabilities
Agency Fund
December 31, 2009 and 2008

	2009			2008			
	Balance January 1, 2009	Increases	Decreases	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
Assets							
Cash - unrestricted	\$ 20,451	\$ 3,295,860	\$ 3,176,400	\$ 16,901	\$ 3,247,492	\$ 3,243,942	\$ 20,451
Due from other funds	732	-	732	-	732	-	732
Investments	1,739,908	404,286	16,725	1,968,983	-	229,075	1,739,908
Total Assets	<u>1,761,091</u>	<u>3,700,146</u>	<u>3,193,857</u>	<u>1,985,884</u>	<u>3,248,224</u>	<u>3,473,017</u>	<u>1,761,091</u>
Liabilities							
Accounts payable	5,631	779,087	784,520	-	907,668	907,668	-
Agency liabilities	15,552	2,915,723	2,905,623	16,897	3,273,213	3,268,927	21,183
Due to other funds	-	113,681	-	-	-	-	-
Deferred compensation	1,739,908	554,546	166,605	1,985,901	-	229,096	1,739,908
Total Liabilities	<u>\$ 1,761,091</u>	<u>\$ 4,363,037</u>	<u>\$ 3,856,748</u>	<u>\$ 2,002,798</u>	<u>\$ 4,180,881</u>	<u>\$ 4,405,691</u>	<u>\$ 1,761,091</u>

See notes to financial statements.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009 and 2008

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, 2009 and 2008

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, 2009 and 2008

C. Measurement focus and basis of accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

D. Cash and investments

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009, real property tax receivables were \$2,851,821. Returned school taxes are offset by a liability to the school district in the same amount.

F. Accounts receivable

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

G. Due to/from other funds

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

H. Capital assets

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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 our actuary, for their coverage.

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

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

K. Budgetary procedures and budgetary accounting

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

The City employs the following budgetary procedures:

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

Encumbrance Accounting

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

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

L. Deferred revenue

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2010 through July 9, 2010 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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.

**City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008**

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, 2009, per the banks were \$8,193,254. These deposits are categorized as follows:

1	2	3	Carrying Value
<u>\$3,540,214</u>	<u>\$4,653,040</u>	<u>\$ -</u>	<u>\$ 8,193,254</u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

2. Unrestricted Cash - At December 31, 2009, 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	\$ -	\$ -	\$ -	\$ -
Special Revenue:				
Community Development	69,472	315,698	-	385,170
Library/Remington	27,528	-	100	27,628
Sewer	419,933	-	-	419,933
Water	788,965	-	-	788,965
Insurance	75,310	-	-	75,310
Capital	-	1,981,761	-	1,981,761
	<hr/>			
Total	<u>\$ 1,381,208</u>	<u>\$ 2,297,459</u>	<u>\$ 100</u>	<u>\$ 3,678,767</u>

3. Restricted Cash - Restricted cash of \$51,352 in the Special Revenue (Insurance) Fund held for future unemployment insurance claims and \$1,470,597 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, 2009, the City's share \$3,012,066 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	\$2,900,513	Investment Pool
Special Revenue – Risk Retention	<u>111,553</u>	Investment Pool
	<u>\$3,012,066</u>	

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

5. Capital Assets

Capital asset balances and activity for the year ended December 31, 2009 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	\$ 4,593,197	\$ 820,262	\$ -	\$ 5,413,459
Land	6,776,899	-	-	6,776,899
	<hr/>			
Total nondepreciable historical cost	13,234,217	820,262	-	12,190,358
	<hr/>			
Capital assets that are depreciated:				
Buildings, improvements, infrastructure	46,991,022	6,568	-	46,997,590
Machinery, equipment, vehicles	22,227,034	109,453	(1,188)	22,335,299
	<hr/>			
Total depreciable historical cost	69,218,056	116,021	(1,188)	69,332,889
	<hr/>			
Less accumulated depreciation:				
Buildings, improvements, infrastructure	28,350,619	1,235,341	-	29,585,960
Machinery, equipment, vehicles	16,628,913	563,368	(1,188)	17,191,093
	<hr/>			
Total accumulated depreciation	44,979,532	1,798,709	(1,188)	46,777,053
	<hr/>			
Total depreciable historical cost, net	24,238,524	(1,682,688)	-	22,555,836
	<hr/>			
Total historical cost, net	\$ 37,472,741	\$ (862,426)	\$ -	\$ 34,746,194
	<hr/>			

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

Depreciation expense was charged to governmental functions as follows:

Function/Program

General Governmental Support	\$ 195,560
Public Safety	131,284
Transportation	662,554
Culture and Recreation	302,096
Home and Community	<u>507,215</u>
 Total Depreciation	 <u><u>\$ 1,798,709</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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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

	ERS	PFRS
2009	\$ 387,930	\$289,516
2008	395,788	302,144
2007	425,764	313,717

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, 2009 was \$ -0-.

2. Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the year ended December 31, 2009 amounted to \$650,518. At December 31, 2009, the postemployment benefit liability for retired employees amounted to \$1,205,900.

The number of participants as of December 31, 2009 was as follows:

Active employees	135
Retired employees	85
Spouses of retired employees	<u>31</u>
Total	<u><u>251</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, 2009, the annual OPEB cost amounted to \$650,518.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

Benefit Obligations and Normal Cost

Actuarial accrued liability (AAL)	<u>\$ 19,213,316</u>
Underfunded actuarial accrued (UAAL)	<u>\$ 19,213,316</u>
Normal cost for fiscal year	285,198
Amortization of unfunded UAAL	<u>876,546</u>
Annual required contribution	<u>\$ 1,161,744</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 1,161,744
Interest on net OPEB obligation	27,769
Adjustment to annual required	<u>(24,600)</u>
Annual OPEB cost (expense)	1,164,913
Contribution made on a pay-as-you-go basis	<u>(514,395)</u>
Increase in net OPEB obligation	650,518
Net OPEB obligation at beginning of year	<u>555,382</u>
Net OPEB obligation at end of year	<u>\$ 1,205,900</u>
Actuarial methods and assumptions:	
Discount Rate	5%
Initial Medical Rate	9.5%
Ultimate Medical Rate	5%

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009

4. Due to Other Governments

At December 31, 2009, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	\$ 593,068
Due to St. Lawrence County	<u>1,492,848</u>
	<u>\$ 2,085,916</u>

5. Long-Term Debt

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

- 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, 2009:

Serial Bonds	\$ 5,020,000
Compensated Absences	815,678
OPEB	<u>1,205,900</u>
Total Long-Term Liabilities	<u><u>\$ 7,041,578</u></u>

- d. The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2009:

	<u>Serial Bonds</u>	<u>Compensated Absences</u>
Payable at 1/1/09	\$ 5,795,000	\$ 828,825
Additions	-	-
Deletions	<u>380,000</u>	<u>13,147</u>
Payable at 12/31/09	<u><u>\$ 5,415,000</u></u>	<u><u>\$ 815,678</u></u>

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

- 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 12/31/09</u>
Sewer Fund Barre St. Public Improvements	1991	\$ 1,715,000	7.1 (VAR)	2011	\$200,000
Elizabeth St. Reconstruction	1994	1,330,000	5.375 (VAR)	2010	60,000
Caroline St. - Sewer	2002	1,840,000	4.5 (VAR)	2023	1,460,644
Sewage Treatment Plant	2002	60,000	4.5 (VAR)	2023	47,630
Water Tower Painting	2002	825,000	4.5 (VAR)	2023	654,910
Mansion Avenue Transmission	2002	315,000	4.5 (VAR)	2023	250,055
New Park Recreation Area	2002	225,000	4.5 (VAR)	2023	178,611
Public Improvements	2002	300,000	4.5 (VAR)	2023	238,150
	2007	2,490,000	4.3 (VAR)	2027	<u>2,325,000</u>
					<u>\$ 5,415,000</u>

- f. The following tables summarize the City's future debt service requirements as of December 31, 2009:

<u>Year End Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 395,000	\$ 243,147
2011	340,000	225,540
2012	255,000	211,145
2013	265,000	199,748
2014	280,000	187,722
2015-2019	1,620,000	733,100
2020-2024	1,740,000	317,313
2025-2029	520,000	46,831
	<u>\$ 5,415,000</u>	<u>\$ 2,164,546</u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

g. Debt Limits

At December 31, 2009, the total outstanding indebtedness of the City aggregated \$5,415,000. Of this amount, \$4,930,853 was subject to the constitutional debt limit and represented approximately 29.78% of its statutory debt limit.

C. Interfund Receivables and payables

Interfund receivables and payables at December 31, 2009 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,895,238	\$ 108,122
Capital Projects		1,603,805
Trust and Agency		113,681
 <u>Special Revenue</u>		
Special Grant	3,660	89,482
Water	623,862	869,909
Sewer	502,261	1,032,046
Library/Remington	98,193	306,169
	<hr/>	<hr/>
Total	<u>\$ 4,123,214</u>	<u>\$ 4,123,214</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 \$51,352 at December 31, 2009.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009, the market value of the assets of the plan totaled \$2,127,469. 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, 2009, the City had exhausted 68.12% of its constitutional tax limit.

Note 5 - Leases - Lessees

Capital Leases

The City leases various equipment from suppliers under capital leases. The economic substance of the leases is that the City is financing the acquisition of the assets through the lease, and accordingly, they are added to the City's fixed asset register.

The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2009.

<u>Year ending December 31,</u>	
2010	\$ 1,268
2011	-
2012	-
2013	-
2014	-
Total minimum lease payments	<u>1,268</u>
Less: Amount representing interest	<u>23</u>
Present value of minimum lease payments	<u><u>\$ 1,245</u></u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

Operating Leases

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2009 was \$10,542.

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

For fiscal years ended December 31:

2010	\$	9,355
2011		7,735
2012		4,836
2013		2,643

Note 6 - Prior period adjustments

In 2008 adjustments were entered to adjust prior periods as follows:

General Fund - Miscellaneous adjustments to the reserve accounts for prior period activity	\$ (18,711)
General Fund - Reclassify deferred revenue	679,896
Water Fund - Reclassify deferred revenue	<u>112,014</u>
	<u>\$ 773,199</u>

Note 7 - Contingencies

A. State and Federal Aid

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

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2009 and 2008

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. 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 has not been determined as of December 31, 2009 if the City is expected to incur a future liability.

City of Ogdensburg, New York
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
Revenues				
Real property taxes	\$ 3,833,629	\$ 3,776,629	\$ 3,803,393	\$ 26,764
Real property tax items	178,200	178,200	304,613	126,413
Non property tax items	2,961,716	2,961,716	2,783,161	(178,555)
Departmental income	388,100	388,100	798,512	410,412
Intergovernmental charges	124,000	124,000	131,062	7,062
Use of money and property	189,900	189,900	167,738	(22,162)
Licenses and permits	46,920	46,920	46,246	(674)
Fines and forfeitures	56,000	56,000	64,380	8,380
Sale of property and compensation for loss	27,000	27,000	4,368	(22,632)
Miscellaneous local sources	43,500	43,500	130,291	86,791
State aid	2,256,562	2,256,562	2,268,237	11,675
Federal aid	483,405	483,405	55,286	(428,119)
Total Revenues	<u>10,588,932</u>	<u>10,531,932</u>	<u>10,557,287</u>	<u>25,355</u>
Other financing sources				
Transfers from other funds	595,624	595,624	241,430	(354,194)
Appropriated reserve	50,000	50,000	-	(50,000)
Appropriated fund balance	156,095	156,095	-	(156,095)
Total Other Financing Sources	<u>801,719</u>	<u>801,719</u>	<u>241,430</u>	<u>(560,289)</u>
Total Revenues and Other Financing Sources	<u>11,390,651</u>	<u>11,333,651</u>	<u>10,798,717</u>	<u>(534,934)</u>
Expenditures				
General government support	1,626,433	1,541,535	1,484,065	57,470
Public safety	5,980,208	5,980,208	5,245,369	734,839
Transportation	2,054,881	1,813,416	1,609,853	203,563
Economic assistance and opportunity	94,100	94,100	49,325	44,775
Culture and recreation	578,251	580,827	612,941	(32,114)
Home and community services	153,975	420,762	676,537	(255,775)
Employee benefits	12,000	12,000	9,968	2,032
Debt service	226,440	226,440	222,061	4,379
Total Expenditures	<u>10,726,288</u>	<u>10,669,288</u>	<u>9,910,119</u>	<u>759,169</u>
Other financing uses				
Transfers to other funds	664,363	664,363	653,193	11,170
Total Other Financing Uses	<u>664,363</u>	<u>664,363</u>	<u>653,193</u>	<u>11,170</u>
Total Expenditures and Other Financing (Uses)	<u>11,390,651</u>	<u>11,333,651</u>	<u>10,563,312</u>	<u>770,339</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>235,405</u>	<u>235,405</u>
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>4,140,061</u>	<u>4,140,061</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,375,466</u>	<u>\$ 4,375,466</u>

See paragraph on supplementary schedules included in auditors' report.

City of Ogdensburg, New York
Combining Balance Sheet - Special Revenue Funds
December 31, 2009

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
Assets						
Cash - Unrestricted	\$ 385,170	\$ 75,310	\$ 788,965	\$ 419,933	\$ 27,628	\$ 1,697,006
Cash - Restricted	1,470,597	51,352	-	-	-	1,521,949
Loans Receivable (Net)	5,278,506	-	-	-	-	5,278,506
Other Receivables	69,834	-	2,216	-	183,325	255,375
Water Rent Receivable	-	-	452,372	-	-	452,372
Sewer Rent Receivable	-	-	-	593,552	-	593,552
State and Federal Aid Receivable	407,835	-	-	-	-	407,835
Investments	-	111,553	-	-	-	111,553
Due from Other Funds	3,660	-	623,862	502,261	98,193	1,227,976
	<u>7,615,602</u>	<u>238,215</u>	<u>1,867,415</u>	<u>1,515,746</u>	<u>309,146</u>	<u>11,546,124</u>
Total Assets						
Liabilities						
Accounts Payable	18,155	8,225	107,588	56,998	2,597	193,563
Due to Other Funds	89,482	-	869,909	1,032,046	306,169	2,297,606
Deferred Revenue	5,686,341	-	478	614	-	5,687,433
	<u>5,793,978</u>	<u>8,225</u>	<u>977,975</u>	<u>1,089,658</u>	<u>308,766</u>	<u>8,178,602</u>
Total Liabilities						
Fund Balance						
Reserved						
Reserve for Unemployment Insurance	-	51,352	-	-	-	51,352
Unreserved						
Designated for Subsequent Year's Expenditures	-	-	-	426,088	-	426,088
Designated for community development projects	1,470,597	-	-	-	-	1,470,597
Undesignated	351,027	178,638	889,440	-	380	1,419,485
	<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>
Total Fund Balance						
Total Liabilities and Fund Balance	<u>\$ 7,615,602</u>	<u>\$ 238,215</u>	<u>\$ 1,867,415</u>	<u>\$ 1,515,746</u>	<u>\$ 309,146</u>	<u>\$ 11,546,124</u>

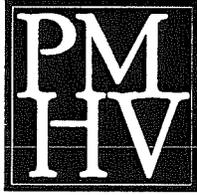
City of Ogdensburg, New York
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2009

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
Revenues						
Department income	\$ -	\$ -	\$ 1,758,404	\$ 2,518,456	\$ 7,708	\$ 4,284,568
Intergovernmental charges	-	-	-	-	21,429	21,429
Use of money and property	4,553	397	1,016	796	-	6,762
Sale of property and compensation for loss	-	2,777	-	-	-	2,777
Miscellaneous local sources	-	-	-	-	339,950	339,950
State aid	287,500	-	-	-	-	287,500
Federal Program Income	394,100	-	-	-	-	394,100
Federal aid	305,588	-	-	-	-	305,588
Total Revenues	<u>991,741</u>	<u>3,174</u>	<u>1,759,420</u>	<u>2,519,252</u>	<u>369,087</u>	<u>5,642,674</u>
Expenditures						
General governmental support	-	219,285	-	-	-	219,285
Culture and recreation	-	-	-	-	939,027	939,027
Home and community services	961,020	-	1,435,256	1,792,245	-	4,188,521
Debt service: principal	-	-	41,449	227,191	3,023	271,663
Debt service: interest	-	-	22,501	111,383	230	134,114
Total Expenditures	<u>961,020</u>	<u>219,285</u>	<u>1,499,206</u>	<u>2,130,819</u>	<u>942,280</u>	<u>5,752,610</u>
Excess (Deficit) Revenues Over Expenditures	<u>30,721</u>	<u>(216,111)</u>	<u>260,214</u>	<u>388,433</u>	<u>(573,193)</u>	<u>(109,936)</u>
Other financing sources (uses)						
Interfund transfers from	-	240,000	-	-	573,193	813,193
Interfund transfers to	(241,430)	-	(80,000)	(80,000)	-	(401,430)
Total Other Financing Sources (Uses)	<u>(241,430)</u>	<u>240,000</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>573,193</u>	<u>411,763</u>
Excess (Deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(210,709)</u>	<u>23,889</u>	<u>180,214</u>	<u>308,433</u>	<u>-</u>	<u>301,827</u>
Fund Balance - Beginning	<u>2,032,333</u>	<u>206,101</u>	<u>709,226</u>	<u>117,655</u>	<u>380</u>	<u>3,065,695</u>
Fund Balance - Ending	<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>

City of Ogdensburg, New York
Schedule of Project Expenditures - Capital Projects Fund
December 31, 2009

<u>Project Name</u>	<u>Code</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures & Obligations to Date</u>			<u>Available Balance</u>
				<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
Brownfields Projects	H3650	700,000	3,356,079	3,041,376	178,401	3,219,777	136,302
River Shoreline Improvements	H718201	667,000	3,906,364	3,174,389	471,551	3,645,940	260,424
Sewage Treatment Plant Improvements	H813001	825,000	693,875	675,233	-	675,233	18,642
Riverwalk Memorial Park	H711001	25,000	42,162	25,000	17,162	42,162	-
Brownfields (Augsbury/Quik Rite) Project	H809001	200,000	200,000	16,697	-	16,697	183,303
Soldiers' & Sailors Mont. Rest. Project	H898901	47,000	45,216	34,276	-	34,276	10,940
Skate Board Park Project	H718204	55,452	60,676	60,676	-	60,676	-
City Hall Renovations	H162101	455,372	550,708	456,625	94,083	550,708	-
Montgomery/Clickner Redevelopment	H866601	449,357	1,061,712	446,233	25,615	471,848	589,864
Shade Roller Building Demo.	H866602	700,000	700,000	13,334	-	13,334	686,666
Transient Docking	H718205	100,000	100,000	-	-	-	100,000
LWRP Revision	H802001	70,000	70,000	-	-	-	70,000
Paterson Street Reconstruction	H511001	905,000	905,000	-	-	-	905,000
Lake Street Bridge Replacement	H512001	2,500,000	2,500,000	-	-	-	2,500,000
WWTP Endergy Efficiency Improvements	H813002	1,210,400	1,210,400	-	33,450	33,450	1,176,950
Totals		\$ 8,909,581	\$15,402,192	\$ 7,943,839	\$ 820,262	\$ 8,764,101	\$6,638,091

See notes to financial statements.



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Van House & Co.
Certified Public Accountants, P.C.

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

To the Mayor and Members of 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, New York, as of and for the year ended December 31, 2009 which collectively comprise the City of Ogdensburg's basic financial statements and have issued our report thereon dated July 9, 2010. 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 City of Ogdensburg, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ogdensburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ogdensburg'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* 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 of Ogdensburg, New York'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 of Ogdensburg, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Mayor, and members of the 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,


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

Ogdensburg, New York
August 6, 2010



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

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August 6, 2010

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 for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 3, 2010, which is reiterated below. Professional standards also require that we communicate to you the following information related to our audit as outlined below.

A. The Auditors' Responsibility under Auditing Standards Generally Accepted in the United States of America.

As stated in our engagement letter dated May 3, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City of Ogdensburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City of Ogdensburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Ogdensburg's compliance with those requirements.

B. Planned Scope and Timing of the Audit

The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result for (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We have communicated our significant findings as outlined below.

We began our audit on June 1, 2010 and intend to issue our report on approximately August 6, 2010.

The information is intended solely for the use of the audit committee, the Members of City council, and management of the City of Ogdensburg and is not intended to be and should not be used by anyone other than these specified parties.

C. 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 of Ogdensburg 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, 2009. 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

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 auditor's 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 6, 2010.

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 auditor's 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 members of City Council and the management of the City of Ogdensburg 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.