

CITY OF CANANDAIGUA
Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2015

TABLE OF CONTENTS

	Pages
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 15
Basic Financial Statements:	
Government-Wide Financial Statements -	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements -	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets - Proprietary Funds	21
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position	24
Notes to the Basic Financial Statements	25 - 58
Required Supplemental Information:	
Schedule of Funding Progress of Postemployment Benefit Plan (Unaudited)	59
Schedule of the City's Proportionate Share of the Net Position Liability (Unaudited)	60
Schedule of City Contributions (Unaudited)	61
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non GAAP Basis) and Actual - General Fund	62
Supplemental Information:	
Combining Balance Sheet - Nonmajor Special Revenue Funds	63
Combining Statement of Revenues, Expenditures, and Changed in Fund Balances - Nonmajor Special Revenue Funds	64

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

Independent Auditors' Report

To the Honorable Mayor and Council Members
The City of Canandaigua
Ontario County, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canandaigua, Ontario County, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, , each major fund, and the aggregate remaining fund information of the City of Canandaigua, Ontario County, New York, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note VI to the financial statements, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to Measurement Date, an amendment of GASB No. 68. As a result, the beginning net position has been restated.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress of postemployment benefit plan, schedule of the City's proportionate share of the net position liability, schedule of City contributions, and budgetary comparison information on pages 3–15 and 59–68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canandaigua, Ontario County, New York's basic financial statements. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



April 11, 2016

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Management's Discussion and Analysis

December 31, 2015

INTRODUCTION

The following is a discussion and analysis of the City of Canandaigua, Ontario County, New York's (the City) financial performance for the year ended December 31, 2015. This section of the report should be read in conjunction with the basic financial statements, which immediately follow this section, in order to provide an enhanced understanding of the City's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: **(1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.** This report also contains individual fund financial statements and schedules in addition to these basic financial statements.

Government-Wide Financial Statements

These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These consist of:

- The statement of net position which presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities which presents information showing how the City's net position changed during the most recent year. The primary governmental activities of the City as used in this statement include general government support, public safety, transportation, economic assistance, culture and recreation, home and community services, and interest on long-term debt. The business-type activities include the water and sewer fund. This statement calculates the cost of each functional activity as well as all resources available for that purpose.

The government-wide financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting, which is similar to the methods used by most businesses, takes into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

Fund Financial Statements

In the governmental area, financial statements are organized around "funds." 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. Funds are established to control and manage the money and budgets of certain governmental activities. Some funds are required to be set up by law, and others to meet state and federal government requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds:** Governmental funds focus on a government's near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The City maintains nine individual government funds that are included in the governmental balance sheet and statement of revenues, expenditures, and changes in fund balances. Major funds consist of the general fund, capital project fund and the community development fund. Nonmajor funds, combined on the financial statements, consist of the, debt service fund, watershed program, parks and open spaces, technology fund and the cemetery fund. Data for each of these nonmajor funds can be found in the supplemental information.
- **Proprietary Funds:** Proprietary funds are used to account for governmental activities that are like commercial activities. Generally, they account for the production of goods or services sold to the public. A type of proprietary fund is an enterprise fund which a government establishes to account for activities that consist of rendering services or providing goods to the public for which a fee or charge is collected. The City has established two enterprise funds, a water fund and sewer fund.
- **Fiduciary Funds:** Fiduciary funds are used to account for assets held in a trustee or custodial capacity. The City maintains one agency fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located following the basic financial statements section of this report.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental funds, each of which are added together and presented in single columns in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. As of December 31, 2015 the total assets of the City exceeded liabilities by \$56,275,660.

**CONDENSED STATEMENTS OF NET ASSETS
FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

	December 31, 2015			December 31, 2014		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
<u>Assets</u>						
Current and other assets	\$ 9,023,817	\$ 7,606,539	\$ 16,630,356	\$ 8,267,415	\$ 6,137,774	\$ 14,405,189
Capital assets	38,104,954	22,346,749	60,451,703	38,162,617	23,430,751	61,593,368
Total assets	\$ 47,128,771	\$ 29,953,288	\$ 77,082,059	\$ 46,430,032	\$ 29,568,525	\$ 75,998,557
<u>Deferred Outflows</u>	\$ 938,559	\$ 195,680	\$ 1,134,239	\$ 813,509	\$ 171,407	\$ 984,916
<u>Liabilities</u>						
Other liabilities	\$ 553,756	\$ 202,679	\$ 756,435	\$ 580,124	\$ 519,038	\$ 1,099,162
Long-term liabilities	7,828,926	13,355,277	21,184,203	7,267,727	12,749,996	20,017,723
Total liabilities	\$ 8,382,682	\$ 13,557,956	\$ 21,940,638	\$ 7,847,851	\$ 13,269,034	\$ 21,116,885
<u>Net Position</u>						
Invested in capital Assets net of related debt	\$ 31,802,201	\$ 10,004,390	\$ 41,806,591	\$ 33,219,612	\$ 11,029,493	\$ 44,249,105
Restricted	2,259,048	3,701,467	5,960,515	2,359,466	2,970,414	5,329,880
Unrestricted	5,623,399	2,885,155	8,508,554	3,816,612	2,470,991	6,287,603
Total net position	\$ 39,684,648	\$ 16,591,012	\$ 56,275,660	\$ 39,395,690	\$ 16,470,898	\$ 55,866,588

The largest component of the City's net position, \$41,806,591 or approximately 74.3%, reflects its investment in capital assets (land, buildings and facilities, machinery and equipment, rolling stock and infrastructure), less accumulated depreciation and any related outstanding debt used to acquire or construct the assets. The City uses these capital assets to provide a variety of services to its citizens and as a result these assets are not available for future spending.

Although the City's investment in a capital asset is reported net of related debt, the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position is restricted, representing resources that are subject to external restriction on how they may be used. Approximately \$5,960,515 or 10.6% of total net position is restricted and is not available to finance the day-to-day operations of the City. The funding levels of capital reserves exceeded capital expenditures which resulted in an increase of \$630,635 in the restricted portion of net position from fiscal 2014 to fiscal 2015.

The remaining \$8,508,554 or 15.1% balance of unrestricted net position can be used to finance future operations.

**CHANGES IN NET ASSETS FOR
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
<u>Program revenue</u>						
Charges for service	\$ 1,886,920	\$ 5,837,046	\$ 7,723,966	\$ 2,265,003	\$ 5,449,646	\$ 7,714,649
Operating grants and contributions	233,532	-	233,532	239,403	-	239,403
Capital grants and contributions	401,174	344,525	745,699	234,467	336,438	570,905
<u>General revenue</u>						
Real property taxes	4,839,956	-	4,839,956	4,775,657	-	4,775,657
Non-property taxes	4,570,005	-	4,570,005	4,542,304	-	4,542,304
Governmental aid	1,295,096	-	1,295,096	1,286,887	-	1,286,887
Other	439,196	75,769	514,965	299,772	40,714	340,486
Advance refunding	(169,350)	(110,650)	(280,000)	-	-	-
Transfers	290,000	(290,000)	-	290,000	(290,000)	-
Total revenue	\$ 13,786,529	\$ 5,856,690	\$ 19,643,219	\$ 13,933,493	\$ 5,536,798	\$ 19,470,291
<u>Program expenses</u>						
General government	\$ 2,429,015	\$ -	\$ 2,429,015	\$ 2,910,446	\$ -	\$ 2,910,446
Public safety	5,441,177	-	5,441,177	5,443,349	-	5,443,349
Transportation	2,900,586	-	2,900,586	2,923,340	-	2,923,340
Economic Assistance and Opportunity	238,729	-	238,729	307,668	-	307,668
Cultural and recreation	1,381,275	-	1,381,275	1,213,279	-	1,213,279
Home and community services	978,012	-	978,012	900,642	-	900,642
Interest on long-term debt	128,777	-	128,777	208,270	-	208,270
Water	-	2,876,017	2,876,017	-	2,799,302	2,799,302
Sewer	-	2,860,559	2,860,559	-	2,836,351	2,836,351
Total expenses	\$ 13,497,571	\$ 5,736,576	\$ 19,234,147	\$ 13,906,994	\$ 5,635,653	\$ 19,542,647
Change in net position	\$ 288,958	\$ 120,114	\$ 409,072	\$ 26,499	\$ (98,855)	\$ (72,356)

The revenue and expense information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year. The City's total net position increased \$409,072 during 2015. Total government expenses of \$19.2 million were offset by revenues of \$19.6 million.

Governmental Activities: Governmental activities net position increased \$288,958 in 2015.

Total revenues from governmental activities decreased \$146,964 over 2014 totaling \$13,786,529 in 2015.

Program revenues represented 18.2% of total governmental revenues.

- Charges for service decreased 16.69% primarily due to reimbursements from developers for a court settlement and development expenses incurred by the City which were recognized in 2014.
- Capital grants and contributions increased 71.1% over the prior year. This increase was primarily due to the following; receipt of a donation for the purchase of land; an increase in Consolidated Highway Improvement Program (CHIPS); and receipt of a grant for the purchase of recycle totes.

General revenues (taxes, intergovernmental, investment earnings and other revenue) represented 81.7% of total governmental.

- Property tax revenue increased due to a property tax levy increase of 2.25% offset by a decrease in PILOTs (Payments in Lieu of Taxes) agreements of 25%.
- Investment income increased 30% due to a one time termination fee of a cell tower rental and a new cell tower rental agreement in 2015.
- Miscellaneous revenues increased due to donations and premium on bond proceeds.
- General revenues decreased by (\$169,350) due to a recognized loss on a bond refunding, which will yield savings in reduced interest over the next 12 years. As a result, interest expense had a positive variance of \$79,493 due to the refunding.

Program expenses decreased \$409,423 or 2.94% over year 2014.

- City employees received a wage increase of 3%.
- General government expenses decreased by 16.5% due to payments for a court settlement and engineering fees for a planned unit development incurred in 2014.
- Public Safety and Transportation remained relatively the same with a less than 1 % change.
- Economic assistance and opportunity expenses decreased by 22.4% due to write off of land in 2014 which was previously sold.
- Culture and recreation expenditures increased 13.9% over the prior year. Salaries and wages increase for parks staff due to an increase in seasonal labor to offset a vacancy from 2013. Kershaw Park seasonal wages increased due to excellent weather at the beach and an extended season based on an early Memorial Day and late Labor Day. Community events overtime saw an increase due an increase in the number and type of events held in the City.
- Home and Community expenses increased 8.6% due to an increase in community block grant expenditures for home energy improvements and payments to Habitat for Humanity for housing rehabilitation.

Business-Type Activities: The net position of business-type activities (Water Fund and Sewer Fund) increased by \$120,114 in fiscal year 2015.

Revenues for business-type activities totaled approximately \$5.86 million, an increase of 5.7% from the prior year, while expenses totaled \$5.74 million, an increase of 1.8% from the prior year. Significant variances are as follows:

- Revenue in the Water Fund increased due to an increase in the sale of water to the towns due to an increase in water consumption and a one-time sale of water to the development project at the lakefront. The Sewer Fund revenue increased due to a rate increase of 8.4%.
- The increase in expenditures was primarily driven by a recognized loss on a bond refunding, which will yield savings in reduced interest over the next 20 years; and increase in depreciation expense in the Sewer Fund and an increase in gas & electric expense.

FINANCIAL ANALYSIS OF CITY FUNDS

Governmental Funds

At the end of the current year, the City reported a combined fund balance of \$7.4 million, an increase of \$1,187,474 from the prior year. A summary of the change in fund balance for all funds is as follows:

**CHANGES IN FUND BALANCE FOR
GOVERNMENTAL FUNDS
FOR THE PERIOD ENDING DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Nonspendable for inventory	\$ 11,150	\$ 10,995
Nonspendable for prepaid expenses	292,106	362,267
Restricted for insurance	176,539	182,623
Restricted for capital	769,623	1,237,394
Restricted for general reserve	2,199	2,199
Assigned for encumbrances	16,992	18,249
Assigned for Kershaw Park	53,692	46,795
Assigned - designated for subsequent year's expenditures	176,344	174,510
Unassigned	<u>3,533,553</u>	<u>3,184,547</u>
Total Fund Balance - General Fund	<u>\$ 5,032,198</u>	<u>\$ 5,219,579</u>
 <u>Capital Projects Fund -</u>		
Restricted for capital expenditures	\$ 158,097	\$ -
Assigned fund balance	969,294	-
Unassigned budget deficit	-	(39,933)
Total Fund Balance - Capital Projects Fund	<u>\$ 1,127,391</u>	<u>\$ (39,933)</u>
 <u>Community Development Fund -</u>		
Restricted for community block grant Funds	<u>\$ 394,896</u>	<u>\$ 424,387</u>
Total Fund Balance - Community Development Fund	<u>\$ 394,896</u>	<u>\$ 424,387</u>
 <u>Debt Service Fund -</u>		
Restricted for debt service	<u>\$ 403,244</u>	<u>\$ 177,952</u>
 <u>Nonmajor Governmental Funds -</u>		
Nonspendable for prepaid expenses	\$ 2,464	\$ 3,025
Restricted for the watershed program	20,195	32,756
Restricted for parks and open spaces	91,850	32,620
Restricted for cemetery fund	36,491	36,472
Assigned for technology	<u>317,713</u>	<u>352,110</u>
Total Fund Balance - Nonmajor Governmental Funds	<u>\$ 468,713</u>	<u>\$ 456,983</u>
Total Fund Balance - All	<u>\$ 7,426,442</u>	<u>\$ 6,238,968</u>

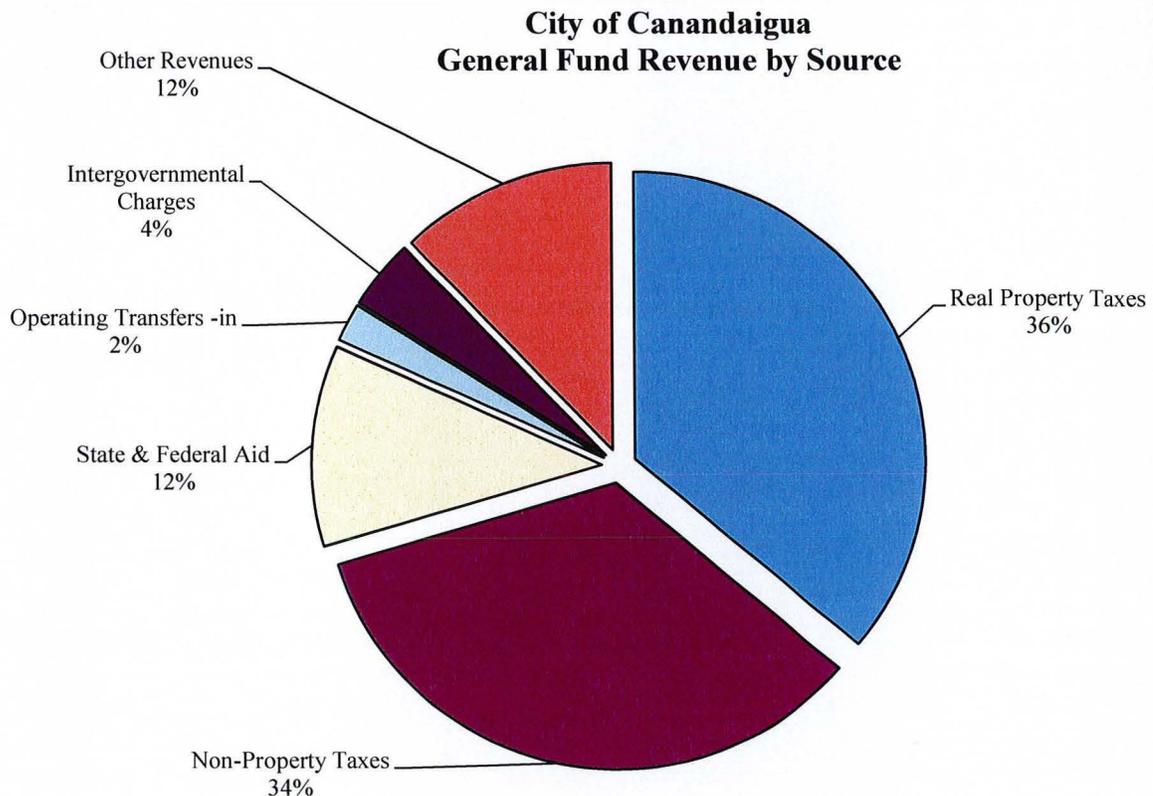
General Fund

The City's general fund is the largest "fund" of the City comprising 59% of the adopted 2015 City budget. Some of the services provided by the general fund are:

- Issuing and maintaining vital records (birth, death, and marriage certificates) and issuing various state and local licenses and permits;
- Providing public safety services, including police and fire protection and code enforcement;
- Building and maintaining roads and bridges, including snow and ice removal, street lighting and sidewalks;
- Operating and maintaining public parks and offering recreation programs;
- Providing sanitation services including curb-side collection of solid waste and recyclable materials, street sweeping and the maintenance of storm sewers;
- Planting and maintaining an "urban forest" of trees along city streets and on other public property.

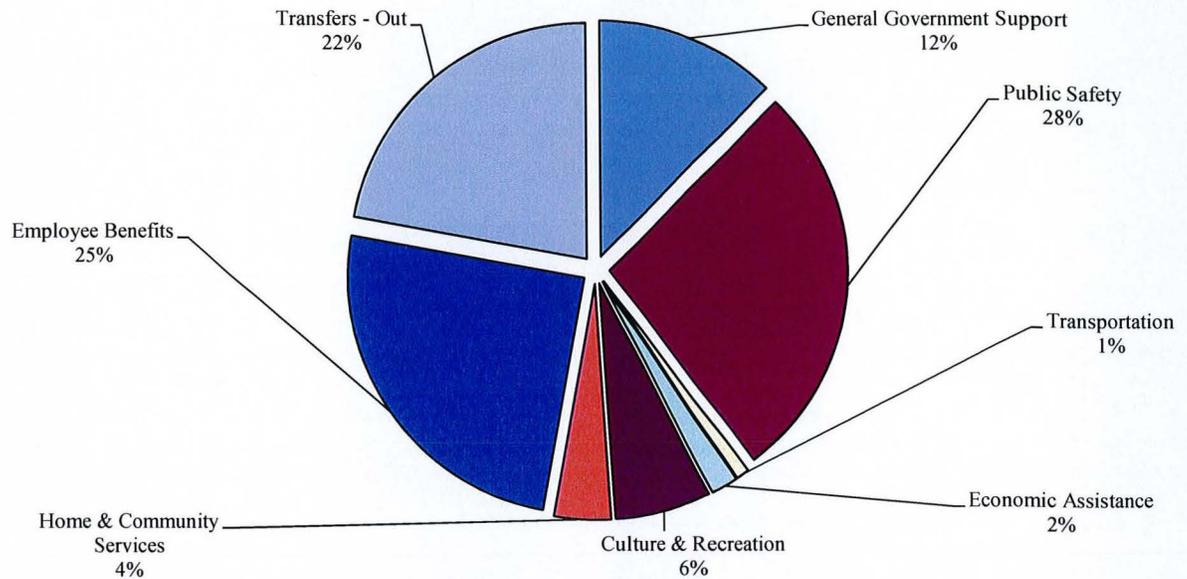
In addition to the above programs, the general fund provides support such as administration, accounting and financial management, payroll and personnel, assessment, planning and zoning, legal, etc.

The City relies upon a number of important revenue sources to fund its operating expenses. Property taxes, sales taxes and State aid are the most significant sources of general fund revenue.



Public safety (police and fire services), public works operations, debt service, and employee benefits and other undistributed expenses are the most significant sources of general fund expense.

**City of Canandaigua
General Fund Expenditures by Program**



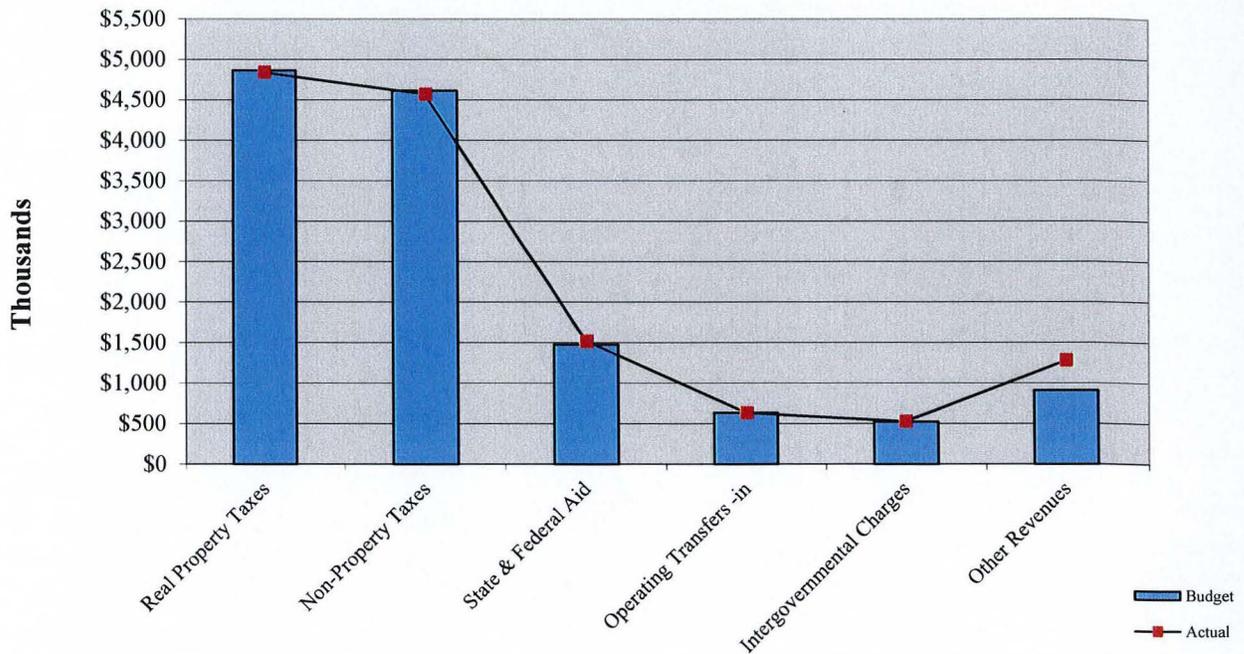
The amended general fund budget in the amount of \$13.6 million anticipated the use of \$566,020 of fund balance. However, actual results of operations showed an overall decrease to fund balance of \$187,381, which resulted in a net increase to fund balance (net of encumbrances) of \$361,647, comparing the actual results to the budget.

General fund increase in operations:	\$277,434
General fund reserves decrease in operations:	<u>(\$464,815)</u>
Net decrease in general fund	<u>(\$187,381)</u>

General fund revenue overall had a positive variance of \$359,631 as compared to budget. The largest variances were:

- Non-property taxes were \$41,158 below budget due to less than expected sales tax, utilities tax and franchise tax for 2015. All of these items are consumer driven.
- Departmental Income was 40% above budget primarily due the recognition of income that was deferred in a prior period. This increase was offset by less than anticipated fire inspection fees income.
- Licenses and permits were 56% above budget due one time building permits issued in 2015 for the lakeshore development.
- Fines and Forfeitures were 13% below budget due to a decrease in court fines and parking ticket revenue.
- The Sale of Property and Compensation for Loss was \$123,745 above budget due to the sale of surplus equipment and workers' compensation reimbursement.
- State and county aid was 3% above budget due to a one time increase in the CHIPS allocation.

**City of Canandaigua
Comparison of Budget to Actuals
General Fund - Revenue by Source**

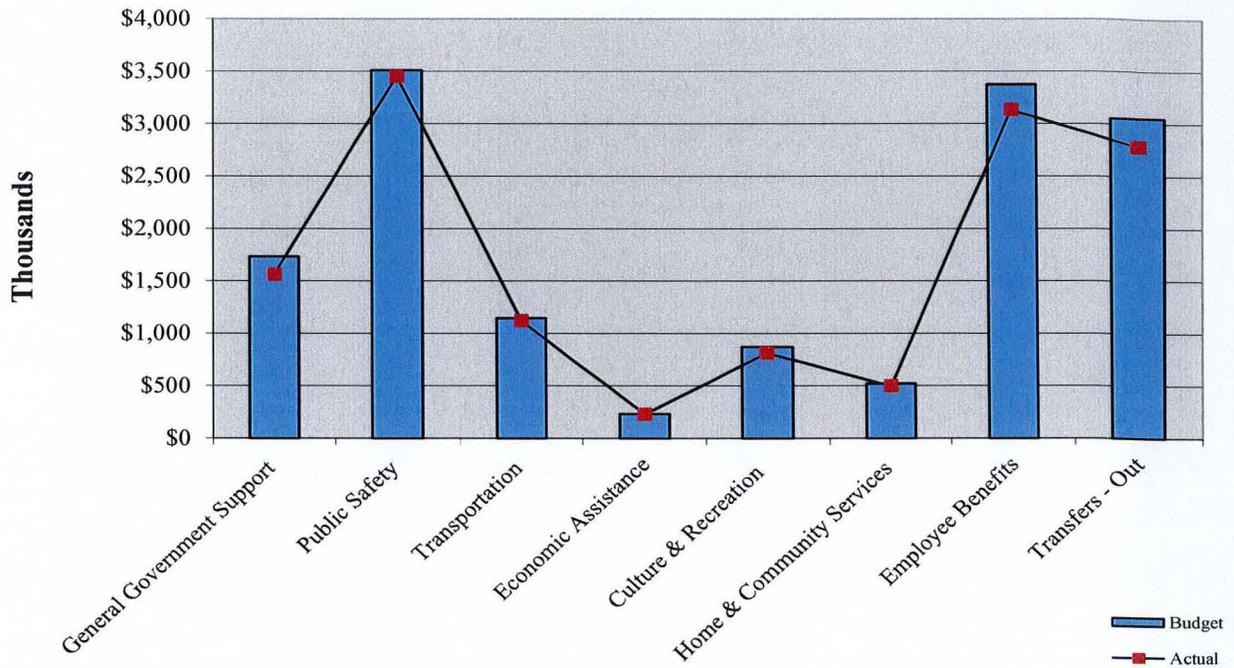


General fund expenditures reflected an overall positive variance of \$581,738 (net of encumbrances) as compared to the budget. The largest variances were:

- Positive operational variances in all departments totaled \$189,465 which is about 1.5% of the general fund budget. These were primarily due to contractual expenditures lower than expected. The City also contracted with the City of Geneva to share an assessor. The budget savings for 2015, not including benefits, was approximately \$20,900.
- Unused budget contingency of \$93,153.
- One time positive variances represented \$109,412 of the general fund budget. This was primarily due to vacant positions that are expected to be filled in 2016.
- Employee benefits experienced a positive variance of \$240,789, of which \$51,082 is included with one time variances due to vacant positions. The remaining positive variance of \$189,707 was primarily driven by changes in union contracts, employee changes in medical plans during the year, employee turnover and retirements.

General fund transfers reflected an overall positive variance of \$37,150 and reflect transfers from the capital reserve fund to the capital fund transfers to the Debt Service Fund for debt payment.

**City of Canandaigua
Comparison of Budget to Actuals
Expenditure Categories**



Proprietary Funds

The other two major “funds” of the City are the water fund and the sewer fund, which comprised 14.3% and 13.6% of the 2016 adopted City budget, respectively. The services provided by these enterprise funds are:

- Providing drinking water to city residents and selling drinking water to several town water districts; and
- Collecting, treating and discharging wastewater through a sanitary sewer system serving City residents, and providing wastewater treatment services to the county sewer district.

Each of these activities is run like a separate business with its own record of revenue, expenses and cash balances. The City’s proprietary funds provide the same type of information found in the government-wide statements but in more detail.

At the end of the current fiscal year, the City reported total net position for its enterprise funds of \$16.59 million, an increase of \$120,114 in comparison with the prior year. Of the total net position, \$10.0 million is recorded as an investment in capital assets net of related debt, \$3.6 million is restricted for capital projects, debt service, and repairs, and the remaining \$2.9 million is unrestricted.

Water Fund - This fund finished the current fiscal year with a increase in net position of \$59,391. The unrestricted fund balance is \$1.43 million, with an amount reserved for capital expenditures, debt service, and repairs of \$1.06.

Sewer Fund - This fund finished the current fiscal year with a increase in net position of \$60,723. The unrestricted fund balance is \$1.46 million, with an amount reserved for capital expenditures , debt service, and repairs of \$2.62 million.

GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2015, the City has \$60.45 million (after depreciation is deducted) in a broad range of capital assets including land, buildings, and machinery and equipment and construction in progress. The change in the City's net assets between 2014 and 2015 is reflected below:

Capital Assets, Net of Depreciation

	December 31, 2015			December 31, 2014		
	Governmental activities	Business-type activities	Total government	Governmental activities	Business-type activities	Total government
Land and land improvements	\$ 10,929,742	\$ 164,072	\$ 11,093,814	\$ 10,810,776	\$ 166,464	\$ 10,977,240
Buildings and improvements	3,296,740	16,190,053	19,486,793	3,508,866	17,276,577	20,785,443
Machinery and equipment	3,229,158	1,714,502	4,943,660	2,894,460	1,867,786	4,762,246
Infrastructure	19,692,484	3,610,371	23,302,855	20,736,725	4,068,351	24,805,076
Construction in progress	956,830	667,751	1,624,581	211,790	51,573	263,363
Total Capital Assets	\$ 38,104,954	\$ 22,346,749	\$ 60,451,703	\$ 38,162,617	\$ 23,430,751	\$ 61,593,368

Government-Wide Capital Assets - The net decrease in capital assets during the current year amounted to \$57,663 and included the following:

- The work in progress for uncompleted projects increased \$898,406 while \$104,682 was capitalized and \$48,684 was written off as an uncompleted project.
- The purchase of land - \$235,000
- The reconstruction of streets, sidewalks, and parking lots – \$348,582
- The purchase of vehicles and equipment - \$892,222
- Depreciation expense of \$2,278,506 was charged against the assets.

Business-Type Activities Capital Assets - The net decrease in capital assets during the current year amounted to \$1,084,002 and included the following:

- The work in progress for uncompleted projects increased \$616,178
- The purchase of vehicles and equipment (net of deletions) - \$90,424
- Decrease in infrastructure asset – \$23,117
- Depreciation expense of \$1,767,485 was charged against the assets

LONG-TERM DEBT

At December 31, 2015, the City had \$21.2 million in general obligation and other long-term debt outstanding as follows:

	December 31, 2015			December 31, 2014		
	Governmental activities	Business-type activities	Total government	Governmental activities	Business-type activities	Total government
Serial bonds	\$ 5,685,850	\$ 12,989,150	\$ 18,675,000	\$ 4,905,300	\$ 12,374,700	\$ 17,280,000
Compensated absences	648,476	154,324	802,800	627,383	153,553	780,936
HUD 108 - Serial bond	775,000	-	775,000	930,000	-	930,000
Other postemployment benefits	234,010	80,445	314,455			
Net pension liability	485,590	131,358	616,948	119,865	46,034	165,899
Total Long Term Debt	\$ 7,828,926	\$ 13,355,277	\$ 21,184,203	\$ 6,582,548	\$ 12,574,287	\$ 19,156,835

Principal payments on serial bonds totaled \$6,575,000 for the year ending December 31, 2015, in which a significant portion of principal payments represented a bond refunding. In addition to the bond refunding, the City issued debt in December on a major street improvement project in the amount of \$2,900,000.

The City is subject to a constitutional debt limit pursuant to Article VIII of the State Constitution and Title 9 Article 2 of the Local Finance Law. This debt limit is equal to 7% of the latest five-year average of the full valuation of all taxable real property within the City. The water fund debt is constitutionally excluded from the debt limit, and the sewer fund debt prior to 2015 is excluded from the debt limit pursuant to Section 124.10 of the Local Finance Law. At December 31, 2015, the City exhausted 13.76% of its constitutional debt capacity and had the authority to issue up to an additional \$40.4 million of general obligation long-term debt.

CREDIT RATING

The City was issued an AA- credit rating by Standard & Poor's in 2015.

FUTURE FINANCIAL IMPLICATIONS

The 2016 budget for the City of Canandaigua for the general, capital, debt service, water, sewer and special revenue funds totaled \$21.2 million, (net of interfund transfers)

General Fund:

The general fund showed a modest increase for 2016 of .87% over the 2015 budget. Employee wages and benefits, which represent 67% of the budget, increased 1.0% over the prior year, while the remaining expenditures increased .6%. Increases in wages and benefits are a result of negotiated wage increases of 3%, offset by savings in health care costs. We decided not to fund a part time administrative vacancy in the police department and in 2015 we entered into a contract for a shared assessor with the City of Geneva. Retirement costs have begun to level off as the stock market improves and new hires are covered by the new retirement Tiers V and VI. The average retirement contribution is 19.2% for PFRS and 14% for ERS. The City continues with the on-going challenge of funding the costs for retiree benefits. We have budgeted for an increase in this area due to the number of employees eligible to retire.

Our biggest challenge has been to provide the same level of service to our residents while we have seen significant pressures on our revenue streams. The budgeted growth in revenues is 1.44%. The choice to stay within the tax cap put into effect by New York State has limited our ability to raise revenue. Property tax rates increased to \$6.96 per thousand which represents a 1.32% increase in the tax rate. We also experienced stagnant or reduced non-property tax revenue in 2015 and as a result decreased the 2016 budget in this area.

Although we have maintained our financial health despite adverse changes in the economic climate, the 2016 budget projects an appropriation from fund balance of \$479,600. We continue to review all of our service levels with City Council to determine what changes we can make to maintain a balanced budget. We have signed an agreement for solar energy which will reduce our overall energy costs with an estimated \$3.5 million in savings over 25 years.

Capital and Debt:

The City has made it a practice to maintain healthy fund balances, and has made a commitment to develop dedicated reserves for our capital needs. We fund capital and debt out of the general fund in the amount of \$2.1 million. The City maintains a 10 year capital and debt plan that is continually monitored and updated. Our policy is to bond a major street project every four years and to pay for all remaining equipment and smaller projects out of the capital reserve. In 2016 the City authorized a major project in the amount of \$5.5 million of serial bonds to renovate the Department of Public Works buildings in the amount of \$4 million, upgrade the electrical, mechanical and life safety systems in City Hall in the amount of \$1 million, and renovate the ground floor in City Hall for \$500,000. Two bonds will be paid off in 2016 that will enable us to fund these new initiatives. The City also refunded three of its outstanding bonds which will yield a net present value savings of \$214,933 over the term of the refunding.

Business-Type Activities

Water and sewer rates are based on the estimated costs and the estimated consumption. Consumption levels can fluctuate drastically due to weather conditions.

The water rate for residents did not increase in 2016 and \$209,150 was appropriated from fund balance. The town water rate decreased 5%, which is based on the prior year actual expenditures and water consumption. The sewer rate for residents also did not increase for 2016 and \$91,003 was appropriated from fund balance. Both funds have a healthy fund balance and we will be looking at possible changes to our funding models for both water and sewer.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. If you would like additional information, please contact:

**TED ANDRZEJEWSKI
CITY MANAGER
TWO NORTH MAIN STREET
CANANDAIGUA, NEW YORK 14424
585-396-5000**

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2015

	Governmental	Business-Type	
ASSETS	Activities	Activities	Total
Cash and cash equivalents	\$ 6,432,616	\$ 5,989,391	\$ 12,422,007
Accounts receivable, net	1,935,903	1,542,181	3,478,084
State and federal aid receivable	349,578	165	349,743
Prepaid items	305,720	74,802	380,522
Capital assets:			
Land and work in progress	5,398,399	831,823	6,230,222
Other capital assets, net of depreciation	32,706,555	21,514,926	54,221,481
TOTAL ASSETS	\$ 47,128,771	\$ 29,953,288	\$ 77,082,059
DEFERRED OUTFLOWS			
Deferred outflows	\$ 938,559	\$ 195,680	\$ 1,134,239
LIABILITIES			
Accounts payable and other current liabilities	\$ 355,736	\$ 129,389	\$ 485,125
Accrued liabilities	198,020	73,290	271,310
Noncurrent liabilities:			
Due in one year	1,489,919	940,781	2,430,700
Due in more than one year	6,339,007	12,414,496	18,753,503
TOTAL LIABILITIES	\$ 8,382,682	\$ 13,557,956	\$ 21,940,638
NET POSITION			
Net investment in capital assets	\$ 31,802,201	\$ 10,004,390	\$ 41,806,591
Restricted for:			
Capital reserves	769,623	3,522,957	4,292,580
Reserve for debt	-	171,425	171,425
Restricted other purposes	1,489,425	7,085	1,496,510
Unrestricted	5,623,399	2,885,155	8,508,554
TOTAL NET POSITION	\$ 39,684,648	\$ 16,591,012	\$ 56,275,660

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Change in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
Governmental Activities:							
General government support	\$ 2,429,015	\$ 420,413	\$ 27,378	\$ 50,000	\$ (1,931,224)	\$ -	\$ (1,931,224)
Public safety	5,441,177	944,734	2,562	-	(4,493,881)	-	(4,493,881)
Transportation	2,900,586	-	128,318	266,543	(2,505,725)	-	(2,505,725)
Economic assistance and development	238,729	-	-	-	(238,729)	-	(238,729)
Culture and recreation	1,381,275	320,772	30,354	-	(1,030,149)	-	(1,030,149)
Home and community services	978,012	201,001	44,920	84,631	(647,460)	-	(647,460)
Interest on long-term debt	128,777	-	-	-	(128,777)	-	(128,777)
Total Governmental Activities	\$ 13,497,571	\$ 1,886,920	\$ 233,532	\$ 401,174	\$ (10,975,945)	\$ -	\$ (10,975,945)
Business-Type Activities:							
Water fund	\$ 2,876,017	\$ 3,261,460	\$ -	\$ -	\$ -	\$ 385,443	\$ 385,443
Sewer fund	2,860,559	2,575,586	-	344,525	-	59,552	59,552
Total Business-Type Activities	\$ 5,736,576	\$ 5,837,046	\$ -	\$ 344,525	\$ -	\$ 444,995	\$ 444,995
Total Primary Government	\$ 19,234,147	\$ 7,723,966	\$ 233,532	\$ 745,699	\$ (10,975,945)	\$ 444,995	\$ (10,530,950)
General Revenues:							
Taxes:							
Property taxes					\$ 4,839,956	\$ -	\$ 4,839,956
Non-property taxes					4,570,005	-	4,570,005
Mortgage tax					175,792	-	175,792
Unallocated state and federal aid					1,119,304	-	1,119,304
Compensation for loss					123,745	-	123,745
Investment earnings					250,674	18,602	269,276
Miscellaneous					64,777	57,167	121,944
Total General Revenues					\$ 11,144,253	\$ 75,769	\$ 11,220,022
Special Items and Transfers:							
Advance refunding					\$ (169,350)	\$ (110,650)	\$ (280,000)
Transfers					290,000	(290,000)	-
Total Special Items					\$ 120,650	\$ (400,650)	\$ (280,000)
Total General Revenues and Special Items					\$ 11,264,903	\$ (324,881)	\$ 10,940,022
Change in Net Position					\$ 288,958	\$ 120,114	\$ 409,072
Net Position - Beginning (restated)					39,395,690	16,470,898	55,866,588
Net Position - Ending					\$ 39,684,648	\$ 16,591,012	\$ 56,275,660

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Balance Sheet
Governmental Funds
December 31, 2015

	Major				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	Community Development		
Assets						
Cash and cash equivalents	\$ 4,080,997	\$ 969,253	\$ 403,389	\$ 508,968	\$ 470,009	\$ 6,432,616
Receivables, net	335,403	-	-	205,914	-	541,317
Due from other governments, net	619,586	-	-	-	-	619,586
State and federal aid receivable	138,779	210,799	-	-	-	349,578
Prepaid items	303,256	-	-	-	2,464	305,720
Total Assets	\$ 5,478,021	\$ 1,180,052	\$ 403,389	\$ 714,882	\$ 472,473	\$ 8,248,817
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and other current liabilities	\$ 154,138	\$ 52,661	\$ 145	\$ 36,100	\$ 2,449	\$ 245,493
Accrued liabilities	184,137	-	-	1,681	1,311	187,129
Due to other governments	33,952	-	-	-	-	33,952
Overpayments and collections in advance	-	-	-	76,291	-	76,291
Total Liabilities	\$ 372,227	\$ 52,661	\$ 145	\$ 114,072	\$ 3,760	\$ 542,865
Deferred Inflows:						
Deferred inflows of resources	\$ 73,596	\$ -	\$ -	\$ 205,914	\$ -	\$ 279,510
Fund Balances:						
Nonspendable	\$ 303,256	\$ -	\$ -	\$ -	\$ 2,464	\$ 305,720
Restricted	948,361	158,097	403,244	394,896	148,536	2,053,134
Assigned	247,028	969,294	-	-	317,713	1,534,035
Unassigned	3,533,553	-	-	-	-	3,533,553
Total Fund Balances	\$ 5,032,198	\$ 1,127,391	403,244	\$ 394,896	\$ 468,713	\$ 7,426,442
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,478,021	\$ 1,180,052	\$ 403,389	\$ 714,882	\$ 472,473	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,104,954
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(10,891)
Long-term receivable for HUD 108 program	775,000
Accounts receivable HUD loans	205,914
Accounts receivable Taxes	43,584
Accounts receivable - other	30,012
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
Serial Bonds Payable	(5,685,850)
HUD 108 Loan Payable	(775,000)
Deferred Outflow - Pension	938,559
Pension Liability	(485,590)
OPEB Liability	(234,010)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(648,476)
Net Position of Governmental Activities	\$ 39,684,648

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	Major				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	Community Development		
Revenues:						
Real property and tax items	\$ 4,839,762	\$ -	\$ -	\$ -	\$ -	\$ 4,839,762
Non-property taxes	4,570,005	-	-	-	-	4,570,005
Departmental income	675,808	-	-	-	59,100	734,908
Intergovernmental charges	525,036	-	-	-	105,000	630,036
Use of money and property	22,830	222	725	47	226,850	250,674
Licenses and permits	213,817	-	-	-	-	213,817
Fines and forfeitures	198,553	-	-	-	-	198,553
Sale of property and compensation for loss	123,745	-	-	-	-	123,745
Miscellaneous	45,069	74,174	80,432	169,429	-	369,104
Interfund revenues	343,713	-	-	-	-	343,713
State and county aid	1,517,508	298,876	-	-	42,704	1,859,088
Federal aid	388	-	-	26,508	-	26,896
Total Revenues	\$ 13,076,234	\$ 373,272	\$ 81,157	\$ 195,984	\$ 433,654	\$ 14,160,301
Expenditures:						
Current:						
General government support	\$ 1,551,410	\$ 394,309	\$ 41,394	\$ -	\$ 260,294	\$ 2,247,407
Public safety	3,446,339	236,134	-	-	-	3,682,473
Transportation	1,114,493	1,292,057	-	-	-	2,406,550
Economic assistance and development	227,750	-	-	-	-	227,750
Culture and recreation	809,579	157,223	-	-	-	966,802
Home and community services	492,913	168,947	-	56,046	131,036	848,942
Employee benefits	3,131,409	-	-	-	30,594	3,162,003
Debt Service:						
Debt service - principal	-	-	1,001,800	155,000	-	1,156,800
Debt service - interest and other charges	-	-	122,848	14,429	-	137,277
Total Expenditures	\$ 10,773,893	\$ 2,248,670	\$ 1,166,042	\$ 225,475	\$ 421,924	\$ 14,836,004
Excess (deficiency) of revenue over expenditures	\$ 2,302,341	\$ (1,875,398)	\$ (1,084,885)	\$ (29,491)	\$ 11,730	\$ (675,703)
Other Financing Sources and Uses:						
Transfers - in	\$ 290,000	\$ 1,429,722	\$ 1,350,000	\$ -	\$ -	\$ 3,069,722
Transfers - out	(2,779,722)	-	-	-	-	(2,779,722)
Proceeds from advance refunding	-	-	1,988,950	-	-	1,988,950
Transfer to escrow agent	-	-	(2,028,773)	-	-	(2,028,773)
Statutory bonds	-	1,613,000	-	-	-	1,613,000
Total Other Financing Sources and Uses	\$ (2,489,722)	\$ 3,042,722	\$ 1,310,177	\$ -	\$ -	\$ 1,863,177
Net change in fund balances	\$ (187,381)	\$ 1,167,324	\$ 225,292	\$ (29,491)	\$ 11,730	\$ 1,187,474
Fund Balance - Beginning	5,219,579	(39,933)	177,952	424,387	456,983	6,238,968
Fund Balance - Ending	\$ 5,032,198	\$ 1,127,391	\$ 403,244	\$ 394,896	\$ 468,713	\$ 7,426,442

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ 1,187,474
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	\$ 898,406	
Addition of assets	1,322,437	
Depreciation	<u>(2,278,506)</u>	(57,663)
Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. The following details these items as they effect the governmental activities:		
Debt repayment	\$ 1,156,800	
Proceeds from serial bonds	(1,613,000)	
Receipts for Section 108 HUD Bond	(155,000)	
Advanced Refunding	<u>(169,350)</u>	(780,550)
Amounts received from borrowers on the City's HUD loan program are recorded as revenues in the governmental funds, but are recorded against the loan receivable balance in the statement of net position.		
		(24,292)
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		
		(233,912)
The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds.		
		(114,145)
(Increase) decrease in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues and expenditures in the governmental funds		
Employee Retirement System		324,639
Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences.		
		(21,093)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		<u>8,500</u>
Change in Net Position of Governmental Activities		\$ 288,958

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Net Position
Proprietary Funds
December 31, 2015

	<u>Business-Type Activities</u>		Total Business-Type Activities
	<u>Sewer Fund</u>	<u>Water Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 3,804,313	\$ 2,185,078	\$ 5,989,391
Accounts receivable, net	431,898	860,443	1,292,341
Due from other governments	249,840	-	249,840
State and federal aid receivable	165	-	165
Prepaid items	36,825	37,977	74,802
Capital assets:			
Land and work in progress	433,362	398,461	831,823
Other capital assets, net of depreciation	13,114,301	8,400,625	21,514,926
TOTAL ASSETS	<u>\$ 18,070,704</u>	<u>\$ 11,882,584</u>	<u>\$ 29,953,288</u>
DEFERRED OUTFLOWS			
Deferred outflow of resources	<u>\$ 83,687</u>	<u>\$ 111,993</u>	<u>\$ 195,680</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 72,520	\$ 56,869	\$ 129,389
Accrued liabilities	15,160	58,130	73,290
Noncurrent liabilities:			
Due in one year	537,701	403,080	940,781
Due in more than one year	7,043,332	5,371,164	12,414,496
TOTAL LIABILITIES	<u>\$ 7,668,713</u>	<u>\$ 5,889,243</u>	<u>\$ 13,557,956</u>
NET POSITION			
Net investment in capital assets	\$ 6,392,896	\$ 3,611,494	10,004,390
Restricted for:			
Capital projects	3,418	3,667	7,085
Debt service	98,687	72,738	171,425
Capital reserve	2,541,452	981,505	3,522,957
Unrestricted	1,449,225	1,435,930	2,885,155
TOTAL NET POSITION	<u>\$ 10,485,678</u>	<u>\$ 6,105,334</u>	<u>\$ 16,591,012</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>Operating Revenues:</u>			
Charges for services	\$ 2,562,027	\$ 3,243,012	\$ 5,805,039
Other operating revenue	13,559	18,448	32,007
TOTAL OPERATING REVENUE	\$ 2,575,586	\$ 3,261,460	\$ 5,837,046
<u>Operating Expenses:</u>			
Salaries	\$ 503,194	\$ 696,944	\$ 1,200,138
Benefits	292,505	404,333	696,838
Purchased services	632,329	770,933	1,403,262
Depreciation	1,175,049	592,436	1,767,485
Other expenses	108,368	245,086	353,454
TOTAL OPERATING EXPENSE	\$ 2,711,445	\$ 2,709,732	\$ 5,421,177
OPERATING INCOME OR (LOSS)	\$ (135,859)	\$ 551,728	\$ 415,869
<u>Nonoperating Revenue (Expense):</u>			
County capital contribution	\$ 344,525	\$ -	\$ 344,525
Interest	5,761	3,241	9,002
Sale of equipment	31,100	-	31,100
Miscellaneous	560	35,107	35,667
Debt service interest	(149,114)	(166,285)	(315,399)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ 232,832	\$ (127,937)	\$ 104,895
Income (Loss) Before Operating Transfers	\$ 96,973	\$ 423,791	\$ 520,764
Transfers out (to governmental funds)	-	(290,000)	(290,000)
Loss on advanced refunding	(36,250)	(74,400)	(110,650)
CHANGE IN NET POSITION	\$ 60,723	\$ 59,391	\$ 120,114
TOTAL NET POSITION, BEGINNING (restated)	10,424,955	6,045,943	16,470,898
TOTAL NET POSITION, ENDING	\$ 10,485,678	\$ 6,105,334	\$ 16,591,012

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, WAYNE COUNTY, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2015

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 2,545,001	\$ 3,210,725	\$ 5,755,726
Cash payments to suppliers for goods and services	(855,853)	(1,019,445)	(1,875,298)
Cash payments to employees	(840,093)	(1,104,978)	(1,945,071)
Miscellaneous cash received	13,559	18,448	32,007
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 862,614	\$ 1,104,750	\$ 1,967,364
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Principal payments of debt (Capital)	\$ (458,200)	\$ (325,000)	\$ (783,200)
Interest expense	(149,374)	(166,888)	(316,262)
(Purchase) or sale of property and equipment	(254,362)	(578,399)	(832,761)
Bond proceeds	620,500	666,500	1,287,000
County capital contribution	344,525	-	344,525
Interfund transfer	-	(290,000)	(290,000)
Other receipts	560	35,107	35,667
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 103,649	\$ (658,680)	\$ (555,031)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 5,761	\$ 3,241	\$ 9,002
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 5,761	\$ 3,241	\$ 9,002
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 972,024	\$ 449,311	\$ 1,421,335
CASH AND CASH EQUIVALENTS - BEGINNING	2,832,289	1,735,767	4,568,056
CASH AND CASH EQUIVALENTS - ENDING	\$ 3,804,313	\$ 2,185,078	\$ 5,989,391
OPERATING INCOME (LOSS)	\$ (135,859)	\$ 551,728	\$ 415,869
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 1,175,049	\$ 592,436	\$ 1,767,485
(Increase) decrease in accounts receivable	(17,036)	(32,287)	(49,323)
(Increase) decrease in prepaid items	(1,870)	3,763	1,893
(Increase) decrease in deferred outflow related to pension	(13,231)	(11,042)	(24,273)
Increase (decrease) in accounts payable and accrued liabilities	(125,471)	25,535	(99,936)
Increase (decrease) in net pension liability	(18,968)	(25,383)	(44,351)
TOTAL ADJUSTMENTS	\$ 998,473	\$ 553,022	\$ 1,551,495
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 862,614	\$ 1,104,750	\$ 1,967,364

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 205,472
TOTAL ASSETS	<u>\$ 205,472</u>
LIABILITIES	
Accounts payable	\$ 3,408
PUD application fees	185,694
Building security deposits	7,754
HRA (105) plan	2,212
Other liabilities	<u>6,404</u>
TOTAL LIABILITIES	<u>\$ 205,472</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2015

I. Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

The City is governed by its charter of the City of Canandaigua, the General City Law, other general laws of the State of New York and various local laws and ordinances. The City Council, which is the legislative body responsible for the overall operation of the City, consists of the Mayor and eight Councilpersons. The City manager serves as Chief Administrative Officer and Chief Fiscal Officer of the City.

The City provides the following basic services to all residents of the City: police protection and law enforcement, firefighting and prevention, a water treatment plant and distribution system, a sewage treatment plant and collection system, a traffic control system, street lighting, a street maintenance force (including construction, repair and snow/ice removal), recreation facilities and programs, refuse and garbage removal, community development and a staff to provide the necessary support for these services.

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

The City defines its reporting entity in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 of the Governmental Accounting Standards Board (GASB), *Financial Reporting Entity*. The statements define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. They also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria under this Statement, there are no component units required to be included in the reporting entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

(I.) (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the Proprietary Fund Financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government –wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general operating fund.

2. **Fund Financial Statements**

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column. Business-type activities are aggregated and presented in a single column on the face of the Proprietary Fund Statements. Fiduciary Funds are reported by fund type.

The Governmental Funds are accounted for on the “flow of current financial resources” measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Fund is accounted for on an “economic resources” measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Fund Reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

a. **Governmental Funds** - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the City's governmental fund types.

1. **Major Governmental Funds**

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

Debt Service Fund - used to account for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

(I.) (Continued)

Community Development Fund – used to account for taxes, user fees or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole City.

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

2. **Non-Major Governmental Funds**

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds.

Special Revenue Funds - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole City. The following are non-major special revenue funds utilized by the City:

Watershed Program
Parks & Open Spaces

Technology
Cemetery

b. **Proprietary Funds**

Proprietary funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Funds's principal ongoing operations. Operating expenses include salaries, benefits, administrative expenses, claims paid. All items not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Funds – are used to account for those operations that provide a service and are financed primarily by a user charge for that service. The City's Enterprise Fund includes the Water and Sewer Funds.

c. **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

Agency Fund - is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

3. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and Fiduciary Funds also use the accrual basis of accounting.

a. **Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable- type grants, City clerk fees and snow and ice reimbursements. The City considers all revenues as available if collected within one year from the balance sheet date. Property taxes are recognized when taxes are received. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due and compensated absences which are recorded when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the City will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as deferred revenue.

b. **Accrual**

Proprietary and Fiduciary Funds are accounted for using the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of cash inflows and outflows. Capital assets, the related debt and other long-term liabilities related to activities of the Proprietary and Fiduciary fund types are recorded within these funds.

Operating revenues and expenses generally result from the proprietary funds’ principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, noncapital financing activities, or investing activities which normally would not be reported as components of operating income.

(I.) (Continued)

C. **Assets, Liabilities, and Equity**

1. **Cash and Investments**

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

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

2. **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, sales tax, and state aid.

Accounts receivable are shown gross, 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.

3. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. **Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the City. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost.

A capitalization threshold of \$10,000 is used to report capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	40 Years
Water and Sewer System/ Infrastructure	50 Years
Equipment	4-20 Years

5. Unearned Revenue/Overpayments

The City reports unearned revenues in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The government may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the City-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the City's contributions to the pension systems (ERS and PFRS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the City-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

7. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the City-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

(I.) (Continued)

Long-term obligations represent the City's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

a. **Compensatory Absences**

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

Compensated absences for governmental fund type employees are reported as a liability and expenditure in the government-wide financial statements are dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

Compensated absences are accrued when incurred in the proprietary funds and are recognized when paid in the governmental funds.

b. **Postemployment Benefits**

In addition to providing pension benefits, the City provides certain health care benefits to retired employees. Retired employees with at least 15 years of service are allowed to participate in the City's group medical insurance plan until they reach the age of 65. Retired employees reaching age 65 may continue participation in the plan but must reimburse the City for the premium. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums which totaled \$449,621 for 35 retirees and/or their surviving spouses for the year ended December 31, 2015.

8. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or 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 general, City-wide capital improvement project and nonmajor funds.

9. **Equity Classifications**

a. **Government-Wide and Proprietary Fund Statements**

Equity is classified as net position and displayed in three components:

(I.) (Continued)

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1). external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

b. **Financial Statements –Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

2. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
3. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
4. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
5. **Unassigned fund balance** – Amounts that are available for City purposes pursuant to any Municipal Law restrictions. Any positive amounts are reported only in the general fund.

c. The Board has passed the following policies that relate to GASB No. 54:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the City and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (Encumbrances at year-end will now be considered assigned funds.)

(I.) (Continued)

The City Council has the authority to assign fund balance for the purpose of tax reduction on an annual basis. (Appropriation of fund balance for ensuing year's budget)

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the City Board and/or City voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Special revenue fund balances are classified as assigned, and any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.

D. Revenues, Expenditures/Expenses

1. Revenues

Real property taxes are levied annually no later than December 15 and become a lien on May 1. Taxes are collected during the period May 1 to December 17. Taxes which remain unpaid after the collection period are enforced pursuant to the tax sale provisions in the City charter.

In addition to the liens for taxes levied for City purposes, the City assumes full enforcement responsibility for taxes levied by the County of Ontario and the Canandaigua City School District on properties within the City. The City pays to the County the full amount of the taxes to be collected on their behalf. Unpaid County and School District liens are added to liens for City taxes at the time of tax sales.

(I.) (Continued)

c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds

d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. **Government-Wide Financial Statements**

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position, except for the net residual amounts due between governmental funds.

b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

F. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

G. **New Accounting Standards**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2015, the City implemented the following new standards issued by GASB:

The GASB has issued Statement No. 68, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015.

The GASB has issued Statement No. 71, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 68*, which will be effective for the year ending December 31, 2015.

The GASB has issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which will be effective for the year ended December 31, 2015.

(I.) (Continued)

I. Future Changes in Accounting Standards

The GASB has issued Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending December 31, 2016.

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which will be effective for the year ended December 31, 2017.

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will be effective for the year ended December 31, 2018.

The GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which will be effective for the year ended December 31, 2016.

The GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which will be effective for the year ended December 31, 2017.

The City is currently studying these statements and plans on adoption as required.

II. Restatement of Net Position

For the year ended December 31, 2015, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27*. The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the City's participation in the New York State and Local Employees' Retirement System. The City's net position has been restated as follows:

	<u>Districtwide Statements</u>	
	<u>Governmental</u>	<u>Proprietary</u>
	<u>Activities</u>	<u>Funds</u>
Net position beginning of year, as previously stated GASB Statement No. 68 implementation	\$ 39,267,360	\$ 16,475,200
Beginning statement liabilities - Police/Fire retirement system	(308,342)	-
Beginning system liabilities - Employees' retirement system	(376,837)	(175,709)
Beginning deferred outflow of resources for contributions subsequent to the measurement date -		
Police/Fire retirement system	459,129	-
Employees' retirement system	354,380	171,407
Net position beginning of year, as restated	<u>\$ 39,395,690</u>	<u>\$ 16,470,898</u>

III. Changes in Accounting Principles

For the year ended December 31, 2015, the City implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions-Amendment to GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement date*. The implementation of the Statements requires the City to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The implementation of the Statements also requires the City to report a deferred outflow and/or inflow for the effect of the net change in the City's proportion of the collective net pension asset and/or liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the City contributions to the pension systems subsequent to the measurement date. See Note VI for the financial statement impact of implementation of the Statements.

IV. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

A. Budgetary Data

Annual budgets are adopted for the general, tech, capital, and enterprise funds only. Formal annual budgets are not prepared for the City's remaining special revenue, debt service and capital projects funds.

1. Budget Policies - The budget policies are as follows:

- a.** No later than November 1, the budget officer submits a tentative budget to the City Council the following year commencing the following January 1. The tentative budget includes appropriations and the proposed means of financing them. The general fund's budget is prepared on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level.
- b.** After public hearings are conducted to obtain taxpayer comments, no later than December 15, the City Council adopts the budget.
- c.** All modifications of the budget must be approved by the City Council.
- d.** Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. Budget Basis of Accounting

Budget(s) 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. Budgetary comparison schedules are presented in the financial statements.

(IV.) (Continued)

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

B. Deposit and Investment Laws and Regulations

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 the 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. 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 Districts.

V. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. While the City does not have a specific policy for custodial credit risk, New York State statutes govern the City's investment policies, as discussed previously in these notes.

The City's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$ -
Collateralized within Trust department or agent	10,592,585
Total	<u><u>\$ 10,592,585</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$2,053,134 within the governmental funds, \$3,678,350 in the proprietary funds, and \$205,472 in the fiduciary funds.

(V.) (Continued)

B. Receivables

Receivables at December 31, 2015 for individual major and non-major funds consisted of the following, which are stated at net realizable value. City management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Governmental Funds</u>				<u>Business Type Activities</u>		
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Community Development</u>	<u>Total</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>Governmental Activities:</u>							
<u>Receivables -</u>							
Taxes Receivable	\$ 179,549	\$ -	\$ -	\$ 179,549	\$ -	\$ -	\$ -
Rents Receivable	-	-	-	-	461,135	860,443	1,321,578
Accounts Receivable	178,083	-	205,914	383,997	-	-	-
Allowance for Uncollectables	(22,229)	-	-	(22,229)	(29,237)	-	(29,237)
Total Receivables, Net	\$ 335,403	\$ -	\$ 205,914	\$ 541,317	\$ 431,898	\$ 860,443	\$ 1,292,341
<u>State and Federal -</u>							
Due from State and Federal	\$ 138,779	\$ 210,799	\$ -	\$ 349,578	\$ 165	\$ -	\$ 165
Total State and Federal	\$ 138,779	\$ 210,799	\$ -	\$ 349,578	\$ 165	\$ -	\$ 165
<u>Other Governments -</u>							
Due from Other Governments	\$ 619,586	\$ -	\$ -	\$ 619,586	\$ 249,840	\$ -	\$ 249,840
<u>Long Term Receivables:</u>							
HUD 108 Loan Receivable	\$ -	\$ -	\$ 775,000	\$ 775,000	\$ -	\$ -	\$ -
Total Receivables	\$ 1,093,768	\$ 210,799	\$ 980,914	\$ 2,285,481	\$ 681,903	\$ 860,443	\$ 1,542,346

(V.) (Continued)

C. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2015 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 290,000	\$ 2,779,722
Capital Fund	1,429,722	-
Debt Service Fund	1,350,000	-
Business Type - Water Fund	-	290,000
Total	\$ 3,069,722	\$ 3,069,722

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The City typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain capital project expenditures and debt service expenditures.

D. Changes In Capital Assets

1. Governmental Activities

A summary of governmental changes in capital assets follows:

<u>Type</u>	<u>Balance 01/01/15</u>	<u>Additions / Reclassifications</u>	<u>Deletions / Reclassifications</u>	<u>Balance 12/31/15</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,206,569	\$ 235,000	\$ -	\$ 4,441,569
Work in progress	211,790	898,406	(153,366)	956,830
<i>Total capital assets not being depreciated</i>	<u>\$ 4,418,359</u>	<u>\$ 1,133,406</u>	<u>\$ (153,366)</u>	<u>\$ 5,398,399</u>
<u>Other capital assets:</u>				
Land Improvements	\$ 10,245,439	\$ 184,368	\$ -	\$ 10,429,807
Infrastructure	56,073,349	164,213	-	56,237,562
Buildings and improvements	9,065,631	-	-	9,065,631
Machinery and equipment	6,757,208	892,222	(414,681)	7,234,749
<i>Total other capital assets at historical cost</i>	<u>\$ 82,141,627</u>	<u>\$ 1,240,803</u>	<u>\$ (414,681)</u>	<u>\$ 82,967,749</u>
<u>Less accumulated depreciation for:</u>				
Land Improvements	\$ 3,641,232	\$ 300,402	\$ -	\$ 3,941,634
Infrastructure	35,336,624	1,208,454	-	36,545,078
Buildings and improvements	5,556,765	212,126	-	5,768,891
Machinery and equipment	3,862,748	557,524	(414,681)	4,005,591
<i>Total accumulated depreciation</i>	<u>\$ 48,397,369</u>	<u>\$ 2,278,506</u>	<u>\$ (414,681)</u>	<u>\$ 50,261,194</u>
<i>Other capital assets, net</i>	<u>\$ 33,744,258</u>	<u>\$ (1,037,703)</u>	<u>\$ -</u>	<u>\$ 32,706,555</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 38,162,617</u>	<u>\$ 95,703</u>	<u>\$ (153,366)</u>	<u>\$ 38,104,954</u>

(V.) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 120,020
Public Safety	335,316
Transportation	1,525,437
Economic Opportunity	10,979
Culture and Recreation	201,996
Home and Community Services	84,758
Total	\$ 2,278,506

2. Business-Type Activities

A summary of business-type activity changes in capital assets follows:

<u>Type</u>	<u>Balance 01/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/15</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 164,072	\$ -	\$ -	\$ 164,072
Work in progress	51,573	616,178	-	667,751
<i>Total capital assets not being depreciated</i>	<u>\$ 215,645</u>	<u>\$ 616,178</u>	<u>\$ -</u>	<u>\$ 831,823</u>
<u>Other capital assets:</u>				
Land Improvements	\$ 28,694	\$ -	\$ -	\$ 28,694
Infrastructure	20,053,574	-	-	20,053,574
Buildings and improvements	35,955,271	-	(23,118)	35,932,153
Machinery and equipment	4,253,200	96,955	(302,119)	4,048,036
<i>Total other capital assets at historical cost</i>	<u>\$ 60,290,739</u>	<u>\$ 96,955</u>	<u>\$ (325,237)</u>	<u>\$ 60,062,457</u>
<u>Less accumulated depreciation for:</u>				
Land Improvements	\$ 26,302	\$ 2,392	\$ -	\$ 28,694
Infrastructure	15,985,224	457,979	-	16,443,203
Buildings and improvements	18,678,692	1,063,408	-	19,742,100
Machinery and equipment	2,385,415	243,707	(295,588)	2,333,534
<i>Total accumulated depreciation</i>	<u>\$ 37,075,633</u>	<u>\$ 1,767,486</u>	<u>\$ (295,588)</u>	<u>\$ 38,547,531</u>
<i>Other capital assets, net</i>	<u>\$ 23,215,106</u>	<u>\$ (1,670,531)</u>	<u>\$ (29,649)</u>	<u>\$ 21,514,926</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 23,430,751</u>	<u>\$ (1,054,353)</u>	<u>\$ (29,649)</u>	<u>\$ 22,346,749</u>

Depreciation expense totaling \$1,767,486 was charged to home and community services.

(V.) (Continued)

E. Long-Term Debt

At December 31, 2015 the total outstanding obligations of the City aggregated \$21,184,203 as follows:

1. Serial Bonds

The City, borrows money in order to acquire land, high cost equipment, to construct buildings and improvements, and for infrastructure development and maintenance. 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 are supported by the full faith and credit debt of the City. 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.

2. Interest Reconciliation

A summary of the long-term interest expense as of December 31, 2015 is as follows:

Governmental Activities:

Interest paid	\$	137,277
Prior year accrued interest		(19,391)
Current year accrued interest		10,891
Interest expense - Governmental Activities	\$	128,777

Business-Type Activities:

Interest paid	\$	315,399
Interest expense - Business-Type Activities	\$	315,399

3. Other Long-Term Obligations

In addition to long-term bonded debt the City had the following other obligations:

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability- represents health insurance benefits provided to employees upon retirement.

Net Pension Liability – represents long-term pension liability.

(V.) (Continued)

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2015:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Classified As</u>	
	<u>01/01/15</u>			<u>12/31/15</u>	<u>Current</u>	<u>Non-Current</u>
Governmental Activities:						
Serial Bonds	\$ 4,905,300	\$ 3,601,950	\$ 2,821,400	\$ 5,685,850	\$ 1,157,800	\$ 4,528,050
HUD 108 - Serial Bonds	930,000	-	155,000	775,000	170,000	605,000
Compensated Absences	627,383	21,093	-	648,476	162,119	486,357
OPEB	119,865	114,145	-	234,010	-	234,010
Net Pension Liability	-	485,590	-	485,590	-	485,590
Business-Type Activities:						
Serial Bonds	12,374,700	4,213,050	3,598,600	12,989,150	902,200	12,086,950
Compensated Absences	153,553	771	-	154,324	38,581	115,743
OPEB	46,034	34,411	-	80,445	-	80,445
Net Pension Liability	-	131,358	-	131,358	-	131,358
Total Obligations	\$ 19,156,835	\$ 8,602,368	\$ 6,575,000	\$ 21,184,203	\$ 2,430,700	\$ 18,753,503

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

(V.) (Continued)

5. Debt Maturity Schedule

The following is a statement of bonds with corresponding maturity schedules:

<u>Purpose</u>	<u>Date</u>	<u>Interest</u>	<u>Amount Outstanding 12/31/15</u>	<u>Year of Final Maturity</u>
<u>Governmental Activities:</u>				
<u>General -</u>				
Serial Bonds	7/03	2.50% - 4.00%	\$ 365,000	12/16
Serial Bonds	12/06	4.00% - 4.10%	60,000	12/16
Serial Bonds	11/07	4.00% - 4.125%	397,000	12/17
Serial Bonds	11/08	3.50% - 4.30%	97,900	12/18
Serial Bonds	8/10	2.00% - 3.40%	130,000	12/19
Serial Bonds	12/12	1.25% - 2.125%	1,060,000	12/26
Serial Bonds	12/15	2.00% - 2.25%	1,613,000	12/25
Serial Bonds	11/15	3.01%	1,962,950	12/27
<u>Community Development -</u>				
HUD 108 - Serial Bonds	8/01	1.32% - 2.05%	775,000	8/19
<u>Business-Type Activities:</u>				
<u>Water -</u>				
Serial Bonds	11/07	4.00% - 4.625%	156,000	12/17
Serial Bonds	4/09	3.50% - 4.50%	1,930,000	12/28
Serial Bonds	8/10	2.00% - 3.40%	150,000	12/19
Serial Bonds	12/12	1.25% - 2.50%	290,000	12/31
Serial Bonds	12/15	2.00% - 2.25%	666,500	12/25
Serial Bonds	11/15	3.01%	2,335,800	12/46
<u>Sewer -</u>				
NYS EFC Bonds	7/13	0.721% - 4.50%	795,000	1/23
Serial Bonds	12/06	4.00% - 4.125%	35,000	12/16
Serial Bonds	11/07	4.00% - 4.125%	47,000	12/17
Serial Bonds	11/08	3.50% - 4.30%	2,100	12/18
Serial Bonds	12/12	1.25% - 2.50%	5,415,000	12/31
Serial Bonds	12/15	2.00% - 2.25%	620,500	12/25
Serial Bonds	11/15	3.01%	546,250	12/27
Total			\$ 19,450,000	

6. The following table summarizes the City's future debt service requirements as of December 31, 2015:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2016	\$ 1,327,800	\$ 136,261	\$ 902,200	\$ 346,127
2017	821,800	110,684	893,200	321,508
2018	856,300	95,387	893,700	296,432
2019	874,600	77,570	905,400	275,553
2020	612,750	59,476	872,250	255,207
2021-25	1,797,600	147,076	4,112,400	980,323
2026-30	170,000	8,091	2,840,000	491,434
2031-35	-	-	775,000	200,362
2036-40	-	-	375,000	126,469
2041-45	-	-	350,000	56,000
2046	-	-	70,000	2,800
Total	\$ 6,460,850	\$ 634,545	\$ 12,989,150	\$ 3,352,215

(V.) (Continued)

7. On November 12, 2015, the City issued \$4,915,000 in general obligation bonds with an average interest rate of 3.01% to advance refund \$4,635,000 of outstanding serial bonds with an average interest rate of 4.326%. The net proceeds of \$5,013,402 (after payment of \$100,343 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the City's financial statements. The City advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (the difference between the present value of the debt service payments on the old and new debt) is approximately \$214,933.

8. In prior years, the City defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. \$365,000 of bonds outstanding are considered defeased.

G. Fund Balances/Net Position

1. Fund Balances

a. Nonspendable

The City has the following nonspendable funds:

Nonspendable Prepaid Items - The City has prepaid various items and the cash is no longer available therefore those funds are nonspendable.

b. Restricted

Currently, New York State laws still use the terminology reserves. The City currently utilizes the following reserves which are classified as restricted funds:

1. Governmental Funds

a. Insurance Reserve – Established to provide for deductibles and uninsured claims. The balance at December 31, 2015 is \$176,539.

b. Capital Reserve – Established to be used for the construction, reconstruction or acquisition of general types of the capital improvements or the acquisition of general types of items or types of equipment. The balance at December 31, 2015 is \$769,623.

c. General Reserve – Represents amounts held in reserve by contributors for a specific purpose. The balance at December 31, 2015 is \$2,199.

d. Debt Service Fund – Reserve For Debt - In accordance with General Municipal Law, Section 6-1, the City has established a reserve to provide funding for the outstanding balance due on serial bonds and bond anticipation notes which were issued for various building and reconstruction projects. This reserve is recorded in the Debt Service Fund and may be reduced each year until the serial bonds and bond anticipation notes are paid in full. The balance at December 31, 2015 is \$403,244.

e. **Special Districts** - City special districts fund balance is considered restricted as the revenues are raised by a specific taxing jurisdiction and can only be expended for that purpose. The City has the community development fund, the technology fund, the parks & open spaces fund, and the watershed program fund as special districts.

2. **Enterprise Funds**

a. **Reserve for Water Distribution System** - Established for maintenance and future construction of the water distribution system.

b. **Reserve for Water Treatment Plant** – Established for maintenance and future improvements to the water treatment plant that provides drinking water to the City of Canandaigua and the surrounding water districts.

c. **Reserve for Waste Water Treatment Plant** – Established for the operation and maintenance of the sewage treatment plant that serves the City of Canandaigua and Ontario County/Canandaigua Lake Sewer District.

d. **Reserve for Sewer Collection** – Established for the operation and maintenance of all sanitary sewer lines.

c. **Assigned**

The City has the following assigned funds:

General Fund –	1. Appropriated for Taxes
	2. Encumbrances
	3. Kershaw Park Reserve
Capital Projects –	1. Year End Equity
Technology Fund –	1. Year End Equity

Encumbrances represent purchase commitments made by the City's purchasing agent through their authorization of a purchase order prior to year end. The City assignment is based on the functional level of expenditures.

Management has determined that amounts in excess of \$21,000 are considered significant and are summarized below:

- Kershaw Park Reserve for \$53,692
- City Hall improvement capital project for \$22,164
- Hurley Building improvement capital project for \$69,200
- Transportation rolling stock capital project for \$212,400
- Multiple street reconstruction projects for \$615,173
- Future technology purchases for \$317,713

The remaining funds do not have encumbrances that are considered significant.

(V.) (Continued)

d. Unassigned

Unassigned funds include the residual classification for the City's general fund and all spendable amounts not contained in other classifications.

The following table summarizes the City's fund balance according to the descriptions above:

FUND BALANCE:	General Fund	Capital Projects	Debt Service Fund	Community Development	Special Revenue Funds	Total
<u>Nonspendable -</u>						
Inventory	\$ 11,150	\$ -	\$ -	\$ -	\$ -	\$ 11,150
Prepaid items	292,106	-	-	-	2,464	294,570
Total Nonspendable	\$ 303,256	\$ -	\$ -	\$ -	\$ 2,464	\$ 305,720
<u>Restricted -</u>						
Capital reserves	\$ 769,623	\$ -	\$ -		\$ -	\$ 769,623
Insurance reserve	176,539	-	-	-	-	176,539
Debt reserve	-	-	403,244	-	-	403,244
Capital improvements	-	158,097	-	-	-	158,097
Special districts -						
Community Development Fund	-	-	-	394,896	-	394,896
Cemetery Fund	-	-	-	-	36,491	36,491
Parks and Open Spaces Fund	-	-	-	-	91,850	91,850
Canandaigua Lake Watershed Council	-	-	-	-	20,195	20,195
General reserve	2,199	-	-	-	-	2,199
Total Restricted	\$ 948,361	\$ 158,097	\$ 403,244	\$ 394,896	\$ 148,536	\$ 2,053,134
<u>Assigned -</u>						
Appropriated for taxes	\$ 176,344	\$ -	\$ -	\$ -	\$ -	\$ 176,344
Kershaw Park Reserve	53,692	-	-	-	-	53,692
Capital improvements	-	969,294	-	-	-	969,294
General government support	7,647	-	-	-	-	7,647
Public safety	4,345	-	-	-	-	4,345
Transportation	5,000	-	-	-	-	5,000
Technology Fund	-	-	-	-	317,713	317,713
Total Assigned	\$ 247,028	\$ 969,294	\$ -	\$ -	\$ 317,713	\$ 1,534,035
<u>Unassigned</u>	\$ 3,533,553	\$ -	\$ -	\$ -	\$ -	\$ 3,533,553
TOTAL FUND BALANCE	\$ 5,032,198	\$ 1,127,391	\$ 403,244	\$ 394,896	\$ 468,713	\$ 7,426,442

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the City has provided otherwise in its commitment actions.

(V.) (Continued)

The City appropriated for taxes in general fund is calculated as follows:

Total appropriated fund balance	\$ 479,600
Nonspendable fund balance	<u>(303,256)</u>
Appropriated for Taxes	<u>\$ 176,344</u>

2. **Net Position - Restricted for Other Purposes**

Represents those amounts which have been restricted by enabling legislation or Board Resolutions.

	<u>Total</u>
Debt	\$ 403,244
Watershed	20,195
Parks & Open Spaces	91,850
Cemetery	36,491
Community Development	394,896
Insurance Reserve	176,539
Other	<u>366,210</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 1,489,425</u>

VI. **General Information and Pension Plans:**

A. **General Information About Pension Plan**

1. **Plan Description**

The City participates in the New York State Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement Systems (the System). These are cost sharing multiple employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

2. **Benefits Provided**

The Systems provide retirement benefits as well as death and disability benefits.

(VI.) (Continued)

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

(VI.) (Continued)

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

(VI.) (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment		
<u>Due Date</u>	<u>ERS</u>	<u>PFRS</u>
12/15/2015	\$ 607,902	\$ 617,316
12/15/2014	\$ 693,834	\$ 619,921
12/15/2013	\$ 665,155	\$ 665,320

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

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2015, the City reported a liability of \$616,948 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(VI.) (Continued)

At December 31, 2015, the City's proportion was 0.0122275 percent for the ERS, and 0.0740655 percent for the PFRS.

For the year ended December 31, 2015 the City recognized pension expense of \$1,250,543. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 13,223	\$ 24,586
Net difference between projected and actual earnings on pension plan investments	71,746	68,447
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>76,447</u>	<u>(41,915)</u>
SubTotal	\$ 161,416	\$ 51,118
City's contributions subsequent to the measurement date	<u>454,085</u>	<u>467,620</u>
Grand Total	<u>\$ 615,501</u>	<u>\$ 518,738</u>

	Deferred Outflows of Resources							
	<u>Governmental</u>		<u>Total</u>	<u>Proprietary</u>		<u>Total</u>	<u>Grand</u>	
	<u>PFRS</u>	<u>ERS</u>	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Proprietary</u>	<u>Total</u>	
Differences between expected and actual experience	\$ 24,586	\$ 9,018	\$ 33,604	\$ 2,407	\$ 1,798	\$ 4,205	\$ 37,809	
Net difference between projected and actual earnings on pension plan investments	68,447	48,931	117,378	13,058	9,757	22,815	140,193	
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>(41,915)</u>	<u>52,137</u>	<u>10,222</u>	<u>13,913</u>	<u>10,397</u>	<u>24,310</u>	<u>34,532</u>	
SubTotal	\$ 51,118	\$ 110,086	\$ 161,204	\$ 29,378	\$ 21,952	\$ 51,330	\$ 212,534	
City's contributions subsequent to the measurement date	<u>467,620</u>	<u>309,735</u>	<u>777,355</u>	<u>82,615</u>	<u>61,735</u>	<u>144,350</u>	<u>921,705</u>	
Grand Total	<u>\$ 518,738</u>	<u>\$ 419,821</u>	<u>\$ 938,559</u>	<u>\$ 111,993</u>	<u>\$ 83,687</u>	<u>\$ 195,680</u>	<u>\$ 1,134,239</u>	

(VI.) (Continued)

\$921,705 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 54,000
2017	54,000
2018	54,000
2019	54,000
2020	(3,466)
Total	\$ 212,534

1. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.70%	2.70%
Salary increases	4.90%	6.00%
Investment rate of return (net of investment expense, including inflation)	7.50%	7.50%

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

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

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

(VI.) (Continued)

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolios	8.60%
Real assets	8.65%
Bond and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

2. Discount Rate

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

3. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employer's proportionate share of the net pension liability/(asset)	\$ 5,467,781	\$ 616,948	\$ (3,462,823)

(VI.) (Continued)

4. **Pension Plan Fiduciary Net Position**

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

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ 164,591,504	\$ 28,474,417
Plan net position	<u>(161,213,259)</u>	<u>(28,199,157)</u>
Employers' net pension asset/(liability)	<u>\$ 3,378,245</u>	<u>\$ 275,260</u>
Ratio of plan net position to the employers' total pension liability	97.90%	99.00%

VII. **Other Postemployment Benefits**

In addition to providing pension benefits, the City provides certain health insurance benefits to retired employees and their families. Substantially all the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City and have at least 15 years of service with the City. The City's policy has been to account for and fund these benefits on a pay-as-you-go basis.

The Government Accounting Standard Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions" which requires the accrual of these liabilities. The City has implemented this statement as of January 1, 2009. The cost to the City of providing health insurance benefits to retirees amounted to \$449,621 during the year ended December 31, 2015.

Plan Description. The City administers the medical insurance plans (the Plan) as a single-employer defined benefit Other Postemployment Benefit (OPEB) plan. The Plan provides for continuation of medical and dental insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to the applicable collective bargaining employment agreements. The City pays the cost of postemployment healthcare benefits for retirees, their spouses, and their dependents until Medicare eligible or age 65, whichever is sooner, after which the retiree is required to contribute the entire cost of the insurance. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purposes of paying benefits under the plan.

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

Actuarial Methods and Assumptions. The valuation of postretirement healthcare benefits involves estimates and assumptions about the probability of events occurring far into the future. Examples are assumptions about future employment, mortality, and the health care cost trend. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the historical pattern of cost sharing between the City and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective and calculations.

(VII.) (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation by governmental activities:

B. Annual OPEB Cost at December 31, 2015

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Annual required contribution (ARC)	\$ 570,483	\$ 494,104	\$ 76,379
Interest on OPEB obligation	12,529	10,709	1,820
Adjustment to ARC	(13,530)	(11,565)	(1,965)
OPEB Expense	\$ 569,482	\$ 493,248	\$ 76,234

C. Reconciliation of Net OPEB Obligation at December 31, 2015

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net OPEB obligation at beginning of year	\$ 147,322	\$ 119,865	\$ 27,457
OPEB expense	569,482	493,248	76,234
Net OPEB contributions made during the year	(449,621)	(379,103)	(70,518)
Excess business-type contributions	47,271	-	47,271
Net OPEB Obligation at the End of the Year	\$ 314,454	\$ 234,010	\$ 80,444
Percentage of expense contributed	78.95%	76.86%	92.50%

D. Number of Participants as of December 2015

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Active employees	92	73	19
Retired employees	32	27	5
Total Employees	124	100	24

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$8,344,920, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,344,920. The covered payroll (annual payroll of active employees covered by the plan) was \$5,431,623, and the ratio of the UAAL to the covered payroll was 153.64%.

(VII.) (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplemental information following the notes to the financial statements.

In the December 31, 2015, actuarial valuation, the entry age normal method was used. The valuation is based on a discount rate of 4.0%, salary scale of 3.0% and long-term inflation rate assumption of 2.2%. The discount rate, salary scale and inflation rate assumed for the 2009 year valuation were 5.0%, 4.0%, and 3.0%, respectively. The valuation incorporates the plan change to require retiree contributions as outlined in the summary of plan provisions. The retiree contributions apply to employees covered under the current labor agreements and range from 5% to 15% of plan medical premium costs.

VIII. Deferred Compensation Plan:

The City maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which City employees have the option to participate.

IX. Risk Management

A. General Information

The City is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Insurance Reserve

The City is exposed to various risks of loss related to torts; theft or damage to, or destruction of assets; and natural disasters. Under the City's self insurance plan, self-insurance coverage is provided for deductibles and for uninsured claims. The City purchases commercial insurance for claims in excess of the self-insurance coverage and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past four years.

There were no estimated accrued claims for the years ended December 31, 2015 and 2014 as defined by GASB Statement #10, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. However, as referred to in Note III (2b.), the City has established and maintains an insurance reserve having a balance of \$176,539 at December 31, 2015.

(IX.) (Continued)

C. Workers' Compensation

The City of Canandaigua, Ontario County, New York is a member of the Ontario County Workers' Compensation Self-Insurance Plan (the Plan). Current membership of the Plan includes various municipal entities. The Plan is administered by Ontario County and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services.

The Plan states that participants are charged an annual assessment on the basis of their five year experience (60%), exposure (20%), and assessed value (20%). The County does not have excess insurance coverage above the funding provided by this self-insurance program.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. During the year ended December 31, 2015, the City of Canandaigua, Ontario County, New York incurred premiums or contribution expenditures totaling \$175,199 which were collected through the County's tax levy.

X. Commitments and Contingencies

A. Litigation

The City has several claims and notice of claims filed against it as of the date of this report which management believes will be covered under the City's insurance policy or not material to the financial statements. In addition, there are pending tax certiorari claims requesting reduction of assessments in which the financial impact cannot be determined at this time.

B. Grants

The City participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For Year Ended December 31, 2015

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
December 31,						
2011	\$ -	\$ 6,440,875	0.00%	\$ 6,440,875	\$ 5,470,667	117.73%
2012	\$ -	\$ 5,692,006	0.00%	\$ 5,692,006	\$ 5,050,414	112.70%
2013	\$ -	\$ 5,692,006	0.00%	\$ 5,692,006	\$ 5,050,414	112.70%
2014	\$ -	\$ 5,677,864	0.00%	\$ 5,677,864	\$ 6,560,614	86.54%
2015	\$ -	\$ 8,344,920	0.00%	\$ 8,344,920	\$ 5,431,623	153.64%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of the Town's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended December 31, 2015

NYSERS Pension Plan

	<u>2015</u>
Proportion of the net pension liability (assets)	0.0122275%
Proportionate share of the net pension liability (assets)	\$ 413,076
Covered-employee payroll	\$ 3,650,025
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	11.317%
Plan fiduciary net position as a percentage of the total pension liability	97.90%

NYSPFRS Pension Plan

	<u>2015</u>
Proportion of the net pension liability (assets)	0.0740655%
Proportionate share of the net pension liability (assets)	\$ 203,872
Covered-employee payroll	\$ 2,756,062
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	7.397%
Plan fiduciary net position as a percentage of the total pension liability	111.48%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of Town Contributions
(Unaudited)
For Year Ended December 31, 2015

NYSERS Pension Plan

	<u>2015</u>
Contractually required contributions	\$ 693,834
Contributions in relation to the contractually required contribution	<u>(693,834)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 3,650,025
Contributions as a percentage of covered-employee payroll	19.01%

NYSPPRS Pension Plan

	<u>2015</u>
Contractually required contributions	\$ 619,951
Contributions in relation to the contractually required contribution	<u>(619,951)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,756,062
Contributions as a percentage of covered-employee payroll	22.49%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General Fund
(Unaudited)
For the Year Ended December 31, 2015

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 4,858,985	\$ 4,858,985	\$ 4,839,762	\$ -	\$ (19,223)
Non-property taxes	4,611,163	4,611,163	4,570,005	-	(41,158)
Departmental income	444,296	484,284	675,808	-	191,524
Intergovernmental charges	501,095	518,911	525,036	-	6,125
Use of money and property	25,480	25,480	22,830	-	(2,650)
Licenses and permits	106,100	136,951	213,817	-	76,866
Fines and forfeitures	224,200	227,279	198,553	-	(28,726)
Sale of property and compensation for loss	-	-	123,745	-	123,745
Miscellaneous	6,150	34,033	45,069	-	11,036
Interfund revenues	343,713	343,713	343,713	-	-
State and county aid	1,451,804	1,475,804	1,517,508	-	41,704
Federal aid	-	-	388	-	388
Total Revenues	<u>\$ 12,572,986</u>	<u>\$ 12,716,603</u>	<u>\$ 13,076,234</u>	<u>\$ -</u>	<u>\$ 359,631</u>
Expenditures:					
Current:					
General government support	\$ 1,753,108	\$ 1,730,629	\$ 1,551,410	\$ 7,647	\$ 171,572
Public safety	3,426,461	3,508,310	3,446,339	4,345	57,626
Transportation	1,121,500	1,144,443	1,114,493	5,000	24,950
Economic assistance and development	229,663	229,663	227,750	-	1,913
Culture and recreation	831,157	869,399	809,579	-	59,820
Home and community services	513,931	517,981	492,913	-	25,068
Employee benefits	3,353,186	3,372,198	3,131,409	-	240,789
Total Expenditures	<u>\$ 11,229,006</u>	<u>\$ 11,372,623</u>	<u>\$ 10,773,893</u>	<u>\$ 16,992</u>	<u>\$ 581,738</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 1,343,980</u>	<u>\$ 1,343,980</u>	<u>\$ 2,302,341</u>	<u>\$ (16,992)</u>	<u>\$ 941,369</u>
Other Financing Sources and Uses:					
Transfers - in	\$ 290,000	\$ 290,000	\$ 290,000	\$ -	\$ -
Transfers - out	(2,816,872)	(2,816,872)	(2,779,722)	-	37,150
Total Other Financing Sources and Uses	<u>\$ (2,526,872)</u>	<u>\$ (2,526,872)</u>	<u>\$ (2,489,722)</u>	<u>\$ -</u>	<u>\$ 37,150</u>
Net change in fund balances	\$ (1,182,892)	\$ (1,182,892)	\$ (187,381)	\$ (16,992)	\$ 978,519
Fund Balance - Beginning	<u>5,219,579</u>	<u>5,219,579</u>	<u>5,219,579</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,036,687</u>	<u>\$ 4,036,687</u>	<u>\$ 5,032,198</u>	<u>\$ (16,992)</u>	<u>\$ 978,519</u>

Notes to Required Supplemental Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2015

	Watershed Program Fund	Technology Fund	Parks & Open Spaces Fund	Cemetery Fund	Total Nonmajor Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 22,364	\$ 319,304	\$ 91,850	\$ 36,491	\$ 470,009
Prepaid items	2,464	-	-	-	2,464
Total Assets	<u>\$ 24,828</u>	<u>\$ 319,304</u>	<u>\$ 91,850</u>	<u>\$ 36,491</u>	<u>\$ 472,473</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and other current liabilities	\$ 858	\$ 1,591	\$ -	\$ -	\$ 2,449
Accrued liabilities	1,311	-	-	-	1,311
Total Liabilities	<u>\$ 2,169</u>	<u>\$ 1,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,760</u>
Fund Balances:					
Nonspendable	\$ 2,464	\$ -	\$ -	\$ -	\$ 2,464
Restricted	20,195	-	91,850	36,491	148,536
Assigned	-	317,713	-	-	317,713
Total Fund Balances	<u>\$ 22,659</u>	<u>\$ 317,713</u>	<u>\$ 91,850</u>	<u>\$ 36,491</u>	<u>\$ 468,713</u>
Total Liabilities and Fund Balances	<u>\$ 24,828</u>	<u>\$ 319,304</u>	<u>\$ 91,850</u>	<u>\$ 36,491</u>	<u>\$ 472,473</u>

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	<u>Watershed Program Fund</u>	<u>Technology Fund</u>	<u>Parks & Open Spaces Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:					
Departmental income	\$ -	\$ -	\$ 59,100	\$ -	\$ 59,100
Intergovernmental charges	105,000	-	-	-	105,000
Use of money and property	125	226,576	130	19	226,850
State and county aid	42,704	-	-	-	42,704
Total Revenues	<u>\$ 147,829</u>	<u>\$ 226,576</u>	<u>\$ 59,230</u>	<u>\$ 19</u>	<u>\$ 433,654</u>
Expenditures:					
Current:					
General government support	\$ -	\$ 260,294	\$ -	\$ -	\$ 260,294
Home and community services	131,036	-	-	-	131,036
Employee benefits	29,747	847	-	-	30,594
Total Expenditures	<u>\$ 160,783</u>	<u>\$ 261,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,924</u>
Excess (deficiency) of revenue over expenditures	\$ (12,954)	\$ (34,565)	\$ 59,230	\$ 19	\$ 11,730
Fund Balance - Beginning	<u>35,613</u>	<u>352,278</u>	<u>32,620</u>	<u>36,472</u>	<u>456,983</u>
Fund Balance - Ending	<u>\$ 22,659</u>	<u>\$ 317,713</u>	<u>\$ 91,850</u>	<u>\$ 36,491</u>	<u>\$ 468,713</u>