

CITY OF CANANDAIGUA
Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2024



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BUSINESS
ADVISORS
AND CPAS

Independent Auditors' Report

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

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Canandaigua, Ontario County, New York and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 4–14 and 62–65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 11, 2025

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Management's Discussion and Analysis

December 31, 2024

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, 2024. 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year ended December 31, 2024 are as follows:

- On the government-wide statements, the net position for the City (assets and deferred outflow of resources less liabilities and deferred inflows of resources) was \$49.1 million.
- The City's total net position decreased by \$586,215 or 1.2%. The net position of governmental activities decreased by \$1.5 million and the net position of business-type activities increased by \$915,268.
- The City's governmental funds reported combined ending fund balances of \$5.3 million, a decrease of \$5 million over the prior year.
- The General Fund reported an ending unassigned fund balance of \$5.6 million, a decrease of \$414,367 or 4.3% over the prior year. This represents 27.7% of total General Fund expenditures.
- The City's total outstanding bonds payable decreased 5.0% from \$44.2 million to \$42.0 million during the current year, representing \$2.2 million in principal payments.

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 funds. 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, and the capital projects fund. Nonmajor funds, combined on the financial statements, consist of the, debt service fund, watershed program, parks and open spaces, technology fund, community development fund, energy projects 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 a sewer fund.
- **Fiduciary Funds:** Fiduciary funds are used to account for assets held in a trustee or custodial capacity. The City maintains one custodial fund. The custodial fund is 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

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

	December 31,					
	Governmental Activities		Business-Type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$ 15,127,526	\$ 12,522,839	\$ 9,941,797	\$ 19,139,893	\$ 25,069,323	\$ 31,662,732
Capital assets	43,748,659	39,954,512	54,162,458	41,608,111	97,911,117	81,562,623
Total assets	<u>58,876,185</u>	<u>52,477,351</u>	<u>64,104,255</u>	<u>60,748,004</u>	<u>122,980,440</u>	<u>113,225,355</u>
Deferred Outflows	<u>7,250,512</u>	<u>6,446,919</u>	<u>907,576</u>	<u>887,713</u>	<u>8,158,088</u>	<u>7,334,632</u>
Liabilities						
Other liabilities	8,359,795	1,226,018	3,865,494	800,348	12,225,289	2,026,366
Long-term liabilities	24,552,512	25,346,932	38,342,121	39,208,029	62,894,633	64,554,961
Total liabilities	<u>32,912,307</u>	<u>26,572,950</u>	<u>42,207,615</u>	<u>40,008,377</u>	<u>75,119,922</u>	<u>66,581,327</u>
Deferred Inflows	<u>6,227,223</u>	<u>3,862,670</u>	<u>721,602</u>	<u>459,994</u>	<u>6,948,825</u>	<u>4,322,664</u>
Net Position						
Net investment in capital assets	31,280,968	31,594,512	16,517,063	15,050,549	47,798,031	46,645,061
Restricted	2,538,422	2,342,153	5,029,651	5,244,934	7,568,073	7,587,087
Unrestricted (restated)	(6,832,223)	(5,448,015)	535,900	871,863	(6,296,323)	(4,576,152)
Total net position	<u>\$26,987,167</u>	<u>\$28,488,650</u>	<u>\$22,082,614</u>	<u>\$21,167,346</u>	<u>\$49,069,781</u>	<u>\$49,655,996</u>

Net position may serve over time as a useful indicator of the City's financial position. As of December 31, 2024, the total assets of the City exceeded liabilities by \$49.1 million.

The largest component of the City's net position, \$47.8 million 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 \$7.6 million of total net position is restricted and is not available to finance the day-to-day operations of the City. The funding levels of restricted reserves decreased .03% from the prior year.

The remaining negative balance of \$6.3 million is the result of the inclusion of long-term debt in regards to pensions, other post-employment benefits and compensated absences to the fund financial statements. This reconciliation can be found in the footnotes to the Financial Statements.

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

	December 31,					
	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Program revenue						
Charges for service	\$ 3,386,564	\$ 3,342,241	\$ 7,350,954	\$ 6,199,181	\$ 10,737,518	\$ 9,541,422
Operating grants and contributions	674,100	680,082	-	-	674,100	680,082
Capital grants and contributions	532,029	437,771	1,450,349	2,098,441	1,982,378	2,536,212
General revenue						
Real property taxes	6,917,780	6,637,137	-	-	6,917,780	6,637,137
Non-property taxes	6,664,026	6,554,659	-	-	6,664,026	6,554,659
Governmental aid	1,249,279	1,119,304	-	-	1,249,279	1,119,304
Other	1,285,427	1,239,283	744,139	794,581	2,029,566	2,033,864
Transfers	290,000	290,000	(290,000)	(290,000)	-	-
Total revenue	20,999,205	20,300,477	9,255,442	8,802,203	30,254,647	29,102,680
Program expenses						
General government	\$ 4,446,312	\$ 4,135,383	\$ -	\$ -	\$ 4,446,312	\$ 4,135,383
Public safety	10,075,997	8,979,800	-	-	10,075,997	8,979,800
Transportation	3,656,686	3,547,432	-	-	3,656,686	3,547,432
Economic Assistance and Opportunity	435,037	393,827	-	-	435,037	393,827
Cultural and recreation	1,845,335	1,825,400	-	-	1,845,335	1,825,400
Home and community services	1,676,151	1,849,869	-	-	1,676,151	1,849,869
Interest on long-term debt	365,170	250,540	-	-	365,170	250,540
Water	-	-	3,774,544	3,750,815	3,774,544	3,750,815
Sewer	-	-	4,565,630	3,823,836	4,565,630	3,823,836
Total expenses	22,500,688	20,982,251	8,340,174	7,574,651	30,840,862	28,556,902
Change in Net Position	(1,501,483)	(681,774)	915,268	1,227,552	(586,215)	545,778
Net Position-Beginning (restated)	28,488,650	29,170,424	21,167,346	19,939,794	49,655,996	49,110,218
Net Position-Ending	\$ 26,987,167	\$ 28,488,650	\$ 22,082,614	\$ 21,167,346	\$ 49,069,781	\$ 49,655,996

Governmental Activities: Governmental activities decreased the City's net position by approximately \$1.5 million. Key elements of this change are as follows:

Program revenues of \$4.6 million represented 21.9% of total governmental revenues and increased \$132,599 or 3.0% over the prior year mainly due to:

- Charges for service increased by \$44,323 or 1.3% from 2023. Revenues earned increased in the amount of \$389,057 due to an increase in fees and services. This was offset by a decrease in revenues by \$25,948 mainly due to crime proceeds the City received for shared drug investigations in 2023.
- Operating grants and contributions decreased by \$5,982, which was relatively the same as the prior year.
- Capital grants and contributions increased by \$94,258 mainly due to the timing of grant awards and donations in 2024 as compared to 2023.

General revenues of \$16.4 million (taxes, unallocated state and federal aid, investment earnings and other revenue) represented 78.1% of total governmental revenues and increased \$566,129 or 3.3% over the prior year mainly due to:

- Property tax revenue increased by \$280,643 due to a property tax levy and PILOT revenue increases.
- Non property taxes increased by \$109,367 over the prior year with increased revenue in market driven accounts of sales tax and occupancy tax.
- Government aid increased by \$129,975 due to a one-time increase of state aid.
- Other revenues showed a modest increase of \$46,144 due to an increase in interest income offset by a decrease in mortgage tax.

Program expenses increased by \$1.5 million or 7.2% from the prior year mainly in the following areas:

- Salaries and benefits increased by \$ 764,598 over the prior year mainly due to salary increases for employees and the pre-hiring of 3 police officers in anticipation of upcoming retirements.
- Contractual expenditures increased by \$297,478 or 9.7% due to increased costs in outside services and annual software expense.
- Employee benefits increased by \$385,769 or 7.2% over the prior year due to an increase in premiums and additional staffing. This was offset by GASB 34 adjustments for retirement and post-employment expenses.
- Interest on debt service increased by \$117,945 due to new bond issuance for the fire truck and the GASB 34 adjustment for accrued interest.

Business-Type Activities: The Change in net position totaled \$915,268 for the City's business-type activities for 2024. Total net position increased from \$21.1 million for 2023 to \$22.2 million for 2024. Of the \$22.2 million of total net position, the Water Fund accounted for approximately 40% or \$8.9 million and the Sewer Fund accounted for approximately 60% or \$13.2 million.

Revenues for business-type activities totaled approximately \$9.3 million, an increase of 5.1% from the prior year, while expenses totaled \$8.3 million, an increase of 10.1% from the prior year. Significant variances are as follows:

- Water fund net position increased by \$617,602. Metered water rates for City customers accounted for 44.3% of water sales and increased 12.4% or \$216,764 over 2023 due to a rate increase of 15.13%. Wholesale rates to the Towns accounted for 55.7% of water sales and increased 2.9% or \$70,260 over the prior year. The Water Fund operating expenses increased .6% due to inflation, especially in gas & electric and chemicals as well as adjustments for retirement on post-employment expenses.
- Sewer fund net position increased by \$297,666. Sewer rent rates increased by 12.43% for 2024 and resulted in an increase in revenues of 10.3% or \$330,427 (based on water consumption). Contributions from Ontario County for processing County waste increased by 18.4% over 2023 due to an increase in flow volume and operating expenditures. Sewer fund expenditures increased 19.4% over 2023 primarily driven by interest on bonds and depreciation.

FINANCIAL ANALYSIS OF CITY FUNDS

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose.

At the end of the current fiscal year, the City reported a combined fund balance of \$5.3 million, a decrease of \$5 million from the prior year. A summary of the change in fund balance for all governmental funds is as follows:

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

<u>General Fund -</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Nonspendable for inventory	\$ 15,749	\$ 17,757	(2,008)
Nonspendable for prepaid expenses	439,280	403,684	35,596
Restricted for capital	1,658,627	1,656,970	1,657
Restricted for insurance	124,896	25,434	99,462
Restricted for general reserve	132,748	161,682	(28,934)
Assigned - appropriated for next year	1,483,358	1,588,480	(105,122)
Assigned for encumbrances	115,289	47,380	67,909
Assigned for Kershaw Park		86,242	(86,242)
Unassigned	<u>5,606,680</u>	<u>6,021,047</u>	<u>(414,367)</u>
Total Fund Balance - General Fund	<u>\$ 9,576,627</u>	<u>\$ 10,008,676</u>	<u>\$ (432,049)</u>
<u>Capital Projects</u>			
Restricted for capital projects	\$ -	\$ -	-
Unassigned for capital projects	<u>(4,926,580)</u>	<u>(227,292)</u>	<u>(4,699,288)</u>
	<u>\$ (4,926,580)</u>	<u>\$ (227,292)</u>	<u>\$ (4,699,288)</u>
<u>Nonmajor Governmental Funds -</u>			
Nonspendable for prepaid expenses	\$ 4,029	\$ 3,450	\$ 579
Restricted for debt service	89,466	76,100	13,366
Restricted for community block grant Funds	135,948	90,390	45,558
Restricted for cemetery fund	29,083	29,068	15
Restricted for parks and open spaces	118,799	126,356	(7,557)
Restricted for energy projects fund	8,461	8,019	442
Restricted for the watershed program	<u>240,394</u>	<u>168,134</u>	<u>72,260</u>
Total Fund Balance - Nonmajor Funds	<u>\$ 626,180</u>	<u>\$ 501,517</u>	<u>\$ 124,663</u>
Total Fund Balance - All	<u>\$ 5,276,227</u>	<u>\$ 10,282,901</u>	<u>\$ (5,006,674)</u>

General Fund - The General fund is the chief operating fund of the City. At the end of the current year the total fund balance of the General Fund was \$9.6 million, a decrease of \$432,049 over the prior year. The unassigned fund balance at year end was \$5.6 million, a decrease of \$414,367 and represents 58.5% of the total General Fund balance. The remainder of the fund balance is set aside to indicate that it is not available for new spending because it has already been assigned capital expenditures of \$1.7 million; appropriated to next years budget of \$1.5 million; or a variety of other restricted purposes of \$827,962.

Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 27.7% unassigned fund balance to total expenditures and other financing uses compared to 32.4% for 2023 and a 47.3% total General Fund balance to total expenditures compared to 53.8% in 2023.

Capital Projects Fund - The Capital Projects Fund is used for the purchase and construction of capital assets. Funding sources for this fund is a transfer from the capital reserve, interest income, proceeds from the sale of assets and state aid and grants. The Capital Projects fund had a negative fund balance of \$4.9 million as compared to a negative fund balance of \$227,292 in the prior year. This was due to expenditures for construction projects in 2024 financed with bond anticipation notes, which are considered short term financing and not recorded as revenue. The bond anticipation notes were replaced with permanent financing of government obligation bonds issued in 2025 for these projects.

The Nonmajor Governmental Funds - The Non-major Governmental Funds consist of the following individual funds: Debt Service, Watershed Program, Parks & Open Spaces, Energy Projects, Cemetery and Community Development. For the fiscal year ending December 31, 2024, the combined fund balance of these funds totaled \$626,180 an increase of \$124,663 from the prior year.

**CHANGES IN FUND BALANCE FOR
BUSINESS TYPE ACTIVITIES
FOR THE PERIOD ENDING DECEMBER 31,**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<u>Water Fund</u>			
Net Investment in capital assets	\$ 7,833,883	\$ 6,706,025	\$ 1,127,858
Capital reserve	1,116,271	1,463,049	(346,778)
Restricted for debt	14,367	-	14,367
Unrestricted	(52,261)	125,584	(177,845)
Total Net Position-Water Fund	<u>\$ 8,912,260</u>	<u>\$ 8,294,658</u>	<u>\$ 617,602</u>
<u>Sewer fund</u>			
Net Investment in capital assets	\$ 8,683,180	\$ 8,344,524	\$ 338,656
Capital reserve	3,248,001	3,781,885	\$ (533,884)
Restricted for debt	651,012	-	\$ 651,012
Unrestricted	588,161	746,279	(158,118)
Total Net Position-Sewer Fund	<u>\$ 13,170,354</u>	<u>\$ 12,872,688</u>	<u>\$ 297,666</u>

Business-Type Activities: The City’s proprietary fund consists of two enterprise funds, Water Fund and Sewer Fund. The City’s proprietary funds statements provide the same type of information in the government-wide financial statements, but in greater detail. A description of the equity classifications can be found in the footnotes of the financial statements.

BUDGETARY HIGHLIGHTS

The City adopts annual operating budgets for its governmental funds and enterprise funds and reports the results of operations on a budgetary comparison basis. In preparing its budget, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditures, appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year, according to the City's Budget Adjustment Policy, to reflect both the changed priorities and availability of additional revenues to allow for expansion of existing or creation of new programs.

Budget variances for the General and Major Special Revenue Fund Types can be found in the Required Supplemental Information of the financial statements. The total variance, net of encumbrances of \$115,289, from the amended budget resulted in a positive variance of \$2.6 million. Major variances are as follows:

The general fund revenues of \$19.5 million resulted in a positive variance of \$156,593 or .8% when compared to the amended budget of \$19.3 million. The details of the more significant variances are as follows:

- Non-property taxes showed a negative variance in the amount of \$112,424 of which the largest variance is due to lower-than-expected results in Sales tax revenue and Franchise Tax of \$185,048. This was offset by better-than-expected results in Utilities Tax, Hotel Occupancy Tax of \$93,180
- Use of money and property showed a positive variance in the amount of \$239,314 of which the largest variance was due to higher-than-expected interest rates continuing for 2024.
- Sale of property and compensation for loss showed a negative variance in the amount of \$160,000 which represents a negative variance in sale of equipment due to delays receiving ordered equipment so that the existing equipment could be sold.
- State and Federal aid showed a positive variance in the amount of \$158,635 which was due to additional one-time state aid in the amount of \$129,975, proceeds from FEMA for major flooding in our area in the amount of \$77,930, and offset by lower-than-expected results for mortgage tax and court facilities reimbursements.

The general fund expenditures and encumbrances of \$17.0 million resulted in a positive variance of \$971,717 or 5.4% when compared to the amended budget of approximately \$18.0 million. The major positive variances were as follows:

- Employee salaries and benefits showed a positive variance of \$479,171 which was due to the timing of filling vacancies, turnover and retirements.
- The remaining positive budget variance of \$492,546 is reflected across all departments in supplies, department equipment and contractual expenditures in areas such as outside services, gas and diesel, gas and electric, software maintenance and department supplies.

The general fund transfers-out of \$3.3 million resulted in a positive variance of \$1.7 million when compared to the amended budget of \$5.1 million. This was due to a decrease in capital expenditures due to equipment on backorder or projects deferred to the following year.

GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets, net of depreciation and amortization, for its governmental and business-type activities as of December 31, 2024, totaled approximately \$97.9 million. This investment in capital assets includes land, buildings and improvement, machinery, equipment, water and sewer lines, streets, bridges and other infrastructure. The City's net capital assets increased by more than \$16.7 million in 2024.

Capital Assets, Net of Depreciation

December 31,

	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 4,446,402	\$ 4,446,402	\$ 164,072	\$ 164,072	\$ 4,610,474	\$ 4,610,474
Buildings and improvements	27,153,857	26,687,874	37,819,381	37,819,381	64,973,238	64,507,255
Machinery and equipment	13,585,096	13,178,905	9,576,670	6,909,901	23,161,766	20,088,806
Infrastructure	64,816,260	63,713,988	24,244,869	24,087,474	89,061,129	87,801,462
Construction in progress	4,434,848	201,853	32,916,374	21,482,295	37,351,222	21,684,148
Lease assets	21,730	45,113	-	-	21,730	45,113
Subscription IT assets	260,666	260,666	-	-	260,666	260,666
Less accumulated depreciation and amortization	(70,970,200)	(68,580,289)	(50,558,908)	(49,125,012)	(121,529,108)	(117,705,301)
Total Capital Assets	\$ 43,748,659	\$ 39,954,512	\$ 54,162,458	\$ 41,338,111	\$ 97,911,117	\$ 81,292,623

Government-Wide Capital Assets - The net increase in capital assets during the current year amounted to \$3.7 million and included the following changes:

- Governmental fund activities recorded a total of approximately \$6.3 million additions to capital assets, of which \$4.3 million was added to construction in progress for road reconstruction. Construction in progress, after placing a total of \$1.7 million of assets in service, totaled approximately \$4.4 million at year end.
- Depreciation expense of \$3.5 million was charged against the assets which is \$225,680 more than the prior year.

Business-Type Activities Capital Assets - The net increase in capital assets during the current year amounted to \$12.8 million and included the following:

- The Water fund recorded a total of approximately \$2.3 million additions to capital assets, of which \$2.0 million was added to construction in progress for road reconstruction and various other projects. Construction in progress totaled approximately \$2.1 million at year end.
- The Sewer fund recorded a total of approximately \$11.6 million additions to capital assets, of which \$10.6 million was added to construction in progress for Sewer fund projects. Construction in progress, after placing 2.1 million of assets in service, totaled approximately \$30.4 million at year end.
- Depreciation expense of \$1.5 million was charged against the assets.

LONG-TERM DEBT

At December 31, 2024, the City had approximately \$62.9 million in general obligation and other long-term debt outstanding as follows:

	Summary of Debt					
	December 31,					
	Governmental Activities		Business-Type		Total	
	2024	2023	2024	2023	2024	2023
Serial bonds	\$ 7,200,000	\$ 8,360,000	\$ 34,810,000	\$ 35,840,000	\$ 42,010,000	\$ 44,200,000
Unamortized bond premium			1,099,753	1,160,850	1,099,753	1,160,850
Net pension liability	6,152,550	7,079,499	602,644	840,756	6,755,194	7,920,255
Lease Liability	147,089	207,755			147,089	207,755
Retainage Payable	215,466	-	435,206		650,672	-
Compensated Absences	488,258	474,058	110,043	119,400	598,301	593,458
Other postemployment benefits	10,349,149	9,225,620	1,284,475	1,247,023	11,633,624	10,472,643
Total Long Term Debt	\$ 24,552,512	\$ 25,346,932	\$ 38,342,121	\$ 39,208,029	\$ 62,894,633	\$ 64,554,961

Serial Bonds: Principal payments for the year ending December 31, 2024 on serial bonds totaled \$1,160,000 for Governmental Funds and \$1,030,000 for the Proprietary Funds.

Subsequent to December 31, 2024, the City issued General Obligation Bonds to replace short term Bond Anticipation Notes for various infrastructure projects and a fire truck in the amount of \$9,315,000, of which \$6,731,280 are for governmental activities and \$2,583,720 are for business-type Activities.

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 all the current Sewer Fund is excluded from the debt limit pursuant to Section 124.10 of the Local Finance Law. As of June 2024, official statement the City exhausted 12.48% of its constitutional debt capacity and has the authority to issue up to an additional \$50.5 million of general obligation long-term debt.

CREDIT RATING

The City was issued an AA- credit rating by Standard & Poor’s in 2023 and was reaffirmed with a subsequent credit rating report in 2025.

FUTURE FINANCIAL IMPLICATIONS

The 2025 budget for the City of Canandaigua for general, capital, debt service, water, sewer and special revenue funds totaled \$36.1 million, (net of interfund transfers). The highlights for the major funds with estimated impacts to taxpayers are outlined in the table below.

2025 City of Canandaigua ADOPTED Budget

HIGHLIGHTS - MAJOR FUNDS

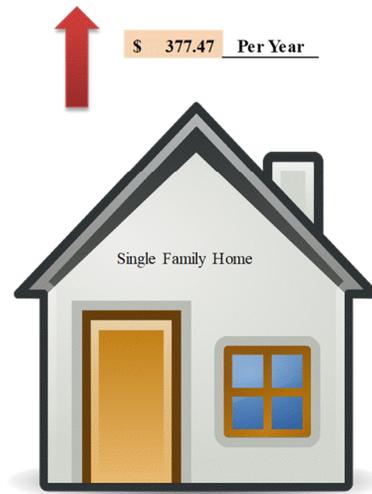
Net Change in Assessed Value	
Assessed Value 2024	854,846,571
Assessed Value 2025	1,154,949,950
35.11%	

Net Change in Assessed Value of Single Family Home	
Assessed Value 2024	187,700
Assessed Value 2025	275,800
46.94%	

Net Change in Tax Levy	
Tax Levy- 2024	6,649,084.00
Tax Levy -2025	7,415,178.00
Tax Cap 2025 Limit	6.32%
11.52%	

Net Change in Water Rates (per 1000 Gallons)	
Water Rate 2024	4.732
Water Rate 2025	5.714
Minimum Quarterly Bill -2024	53.00
Minimum Quarterly Bill -2025	64.00
20.75%	

Net Change in Sewer Rates (per 1000 Gallons)	
Sewer Rate 2024	6.070
Sewer Rate 2025	6.428
Minimum Quarterly Bill -2024	68.00
Minimum Quarterly Bill -2025	72.00
5.90%	



Net Change in Tax Rate	
Tax Rate 2024	7.740
Tax Rate 2025	6.418
Assessed Value	1,154,949,950
Exemption Removal	(2,162.40)
-17.07%	

	2024	2025	Net Change	% Change
Average Property Tax Bill	1,452.74	1,770.21	317.47	21.85%
Annual Minimum Water Bill	212.00	256.00	44.00	20.75%
Annual Minimum Sewer Bill	272.00	288.00	16.00	5.88%
Total	1,936.74	2,314.21	377.47	19.49%

General Fund: The general fund expenditure budget increased by 3.58%. The majority of the increase was related to employee benefits, salary and wages.

The increased costs have been offset by an increase in budgeted general fund revenues of 4.4%. The largest increase in revenue is from property taxes with a levy increase of 11.52%. The City conducted a reassessment which increased the taxable assessed value by 35.1% resulting in a rate decrease of 17.1%. We have increases in services in our contracts with other municipalities.

The budget was balanced with the use of appropriated fund balance of approximately \$1.5 million. Of this amount \$955,358 was used to offset ongoing expenditures. The remaining \$528,000 were used to fund one-time expenditures.

Business-Type Activities: The water rate was increased 20.75% while the sewer rates increased 5.9%. More demands on these facilities have resulted in increased operating and capital costs. Appropriated fund balance in the amount of \$176,326 and \$76,785 respectively will be used to offset budget deficits.

The economic factors that will affect us in 2025 continue to be inflation on goods and services and keeping up with capital and infrastructure needs. We have seen inflation effect sales tax, one of our biggest revenue sources, which was reduced from the prior year adopted budget. Another continuing factor affecting our services is the availability of supplies, which is improving for certain items. This may result in postponing projects and capital purchases to future budgets.

From the 2025 City Manager Budget Message:

“Although we have been able to provide these first-rate services and high quality of life at a reasonable cost to our residents, it is a continual challenge. When asked about the biggest challenge we face, I provide the same answer that one would find in all of my prior budget messages; finding the balance. This does not mean finding a balanced budget; it is finding the balance between improving/maintaining our high quality of life, while exercising prudence and fiscal responsibility to ensure property taxes remain affordable for our current and future residents. Its balancing limited resources to meet service demands of our residents. It’s attempting to make strategic investments in our physical and human capital while also striving to become more effective and efficient while protecting our environment and maintaining infrastructure.”

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances. Questions and comments concerning any of the information provided in this report should be addressed to John D. Goodwin, City Manager or Nancy C. Abdallah, CPA, Treasurer/Director of Finance, City of Canandaigua, 2 North Main St., Canandaigua, NY 14424.

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2024

	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,447,901	\$ 7,334,329	\$ 18,782,230
Accounts receivable, net	3,220,567	2,529,955	5,750,522
Prepaid items	459,058	77,513	536,571
Capital assets:			
Land and work in progress	8,881,250	33,080,446	41,961,696
Other capital assets, net of depreciation	34,867,409	21,082,012	55,949,421
TOTAL ASSETS	\$ 58,876,185	\$ 64,104,255	\$ 122,980,440
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	\$ 7,250,512	\$ 907,576	\$ 8,158,088
LIABILITIES			
Accounts payable	\$ 547,281	\$ 639,106	\$ 1,186,387
Accrued liabilities	459,651	576,388	1,036,039
Bond anticipation notes payable	7,160,000	2,650,000	9,810,000
Unearned revenue	134,100	-	134,100
Other liabilities	58,763	-	58,763
Noncurrent liabilities:			
Due in one year	1,451,266	2,441,303	3,892,569
Due in more than one year	23,101,246	35,900,818	59,002,064
TOTAL LIABILITIES	\$ 32,912,307	\$ 42,207,615	\$ 75,119,922
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 6,227,223	\$ 721,602	\$ 6,948,825
NET POSITION			
Net investment in capital assets	\$ 31,280,968	\$ 16,517,063	\$ 47,798,031
Restricted for:			
Other purposes	2,538,422	5,029,651	7,568,073
Unrestricted	(6,832,223)	535,900	(6,296,323)
TOTAL NET POSITION	\$ 26,987,167	\$ 22,082,614	\$ 49,069,781

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, 2024

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes 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>Total</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary Government:							
Governmental Activities:							
General government support	\$ 4,446,312	\$ 959,836	\$ 46,774	\$ 30,000	\$ (3,409,702)	\$ -	\$ (3,409,702)
Public safety	10,075,997	1,449,161	66,799	81,041	(8,478,996)	-	(8,478,996)
Transportation	3,656,686	3,325	128,318	317,488	(3,207,555)	-	(3,207,555)
Economic assistance and development	435,037	-	240,750	103,500	(90,787)	-	(90,787)
Culture and recreation	1,845,335	240,655	4,096	-	(1,600,584)	-	(1,600,584)
Home and community services	1,676,151	733,587	187,363	-	(755,201)	-	(755,201)
Interest on long-term debt	365,170	-	-	-	(365,170)	-	(365,170)
Total Governmental Activities	\$ 22,500,688	\$ 3,386,564	\$ 674,100	\$ 532,029	\$ (17,907,995)	\$ -	\$ (17,907,995)
Business-Type Activities:							
Water fund	\$ 3,774,544	\$ 4,508,565	\$ -	\$ 28,405	\$ -	\$ 762,426	\$ 762,426
Sewer fund	4,565,630	2,842,389	-	1,421,944	-	(301,297)	(301,297)
Total Business-Type Activities	\$ 8,340,174	\$ 7,350,954	\$ -	\$ 1,450,349	\$ -	\$ 461,129	\$ 461,129
Total Primary Government	\$ 30,840,862	\$ 10,737,518	\$ 674,100	\$ 1,982,378	\$ (17,907,995)	\$ 461,129	\$ (17,446,866)
General Revenues:							
Taxes:							
Property taxes					\$ 6,917,780	\$ -	\$ 6,917,780
Non-property taxes					6,664,026	-	6,664,026
Mortgage tax					265,312	-	265,312
Unallocated state and federal aid					1,249,279	-	1,249,279
Use of money and property					888,986	699,916	1,588,902
Miscellaneous					131,129	44,223	175,352
Total General Revenues					\$ 16,116,512	\$ 744,139	\$ 16,860,651
Transfers:							
Transfers					\$ 290,000	\$ (290,000)	\$ -
Total Special Items and Transfers					\$ 290,000	\$ (290,000)	\$ -
Total General Revenues and Transfers					\$ 16,406,512	\$ 454,139	\$ 16,860,651
Change in Net Position					\$ (1,501,483)	\$ 915,268	\$ (586,215)
Net Position - Beginning					28,488,650	21,167,346	49,655,996
Net Position - Ending					\$ 26,987,167	\$ 22,082,614	\$ 49,069,781

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, 2024

	Major			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,389,053	\$ 2,471,545	\$ 587,303	\$ 11,447,901
Receivables, net	1,808,561	3,500	62,138	1,874,199
Due from other governments, net	1,102,516	-	13,000	1,115,516
State and federal aid receivable	98,159	90,056	42,637	230,852
Prepaid items	455,029	-	4,029	459,058
Total Assets	\$ 11,853,318	\$ 2,565,101	\$ 709,107	\$ 15,127,526
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities:				
Accounts payable	\$ 371,458	\$ 216,681	\$ 17,905	\$ 606,044
Accrued liabilities	337,813	-	2,884	340,697
Bond anticipation notes payable	-	7,160,000	-	7,160,000
Unearned revenue	-	115,000	-	115,000
Total Liabilities	\$ 709,271	\$ 7,491,681	\$ 20,789	\$ 8,221,741
Deferred Inflows:				
Deferred Inflows of Resources	\$ 1,567,420	\$ -	\$ 62,138	\$ 1,629,558
Fund Balances:				
Nonspendable	\$ 455,029	\$ -	\$ 4,029	\$ 459,058
Restricted	1,916,271	-	622,151	2,538,422
Assigned	1,598,647	-	-	1,598,647
Unassigned	5,606,680	(4,926,580)	-	680,100
Total Fund Balances	\$ 9,576,627	\$ (4,926,580)	\$ 626,180	\$ 5,276,227
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 11,853,318	\$ 2,565,101	\$ 709,107	

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.	43,748,659
Interest is accrued on outstanding bonds in the Statement of Net Position but not in the funds.	(118,954)
Accounts receivable - HUD loans	62,138
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	(7,200,000)
Lease Liability	(147,089)
Retainage Payable	(215,466)
Deferred Inflows - Pensions	(2,495,531)
Deferred Outflows - Pensions	5,808,936
Deferred Inflows - OPEB	(2,183,372)
Deferred Outflows - OPEB	1,441,576
Pension Liability	(6,152,550)
OPEB Liability	(10,349,149)
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.	(488,258)
Net Position of Governmental Activities	\$ 26,987,167

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	Major			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues:				
Real property and tax items	\$ 6,917,780	\$ -	\$ -	\$ 6,917,780
Non-property taxes	6,664,026	-	-	6,664,026
Departmental income	1,059,681	-	65,445	1,125,126
Intergovernmental charges	1,219,876	-	195,001	1,414,877
Use of money and property	796,586	-	92,400	888,986
Licenses and permits	108,288	-	-	108,288
Fines and forfeitures	90,723	-	-	90,723
Sale of property and compensation for loss	94,867	-	-	94,867
Miscellaneous	24,443	43,500	25,865	93,808
Interfund revenues	700,360	-	-	700,360
State and county aid	1,747,738	477,488	343,436	2,568,662
Federal aid	85,921	11,041	-	96,962
Total Revenues	\$ 19,510,289	\$ 532,029	\$ 722,147	\$ 20,764,465
Expenditures:				
Current:				
General government support	\$ 3,013,620	\$ 647,889	\$ 1,319	\$ 3,662,828
Public safety	5,672,755	288,673	-	5,961,428
Transportation	1,254,470	5,597,281	-	6,851,751
Economic assistance and development	202,499	14,038	227,500	444,037
Culture and recreation	1,044,592	308,029	4	1,352,625
Home and community services	1,043,917	385,682	234,210	1,663,809
Employee benefits	4,610,473	-	35,777	4,646,250
Debt Service:				
Debt service - principal	60,666	-	1,160,000	1,220,666
Debt service - interest and other charges	3,839	-	253,906	257,745
Total Expenditures	\$ 16,906,831	\$ 7,241,592	\$ 1,912,716	\$ 26,061,139
Excess (deficiency) of revenue over expenditures	\$ 2,603,458	\$ (6,709,563)	\$ (1,190,569)	\$ (5,296,674)
Other Financing Sources and Uses:				
Transfers - in	\$ 312,979	\$ 2,010,275	\$ 1,338,211	\$ 3,661,465
Transfers - out	(3,348,486)	-	(22,979)	(3,371,465)
Total Other Financing Sources and Uses	\$ (3,035,507)	\$ 2,010,275	\$ 1,315,232	\$ 290,000
Net change in fund balances	\$ (432,049)	\$ (4,699,288)	\$ 124,663	\$ (5,006,674)
Fund Balance - Beginning	10,008,676	(227,292)	501,517	10,282,901
Fund Balance - Ending	\$ 9,576,627	\$ (4,926,580)	\$ 626,180	\$ 5,276,227

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

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (5,006,674)

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	\$ 4,134,234	
Addition of assets, net	3,242,032	
Depreciation and amortization	<u>(3,582,119)</u>	
		3,794,147

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		1,220,666
----------------	--	-----------

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (215,466)

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. (392,720)

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 (55,260)

(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:

Employees' Retirement System		(178,637)
Police and Fire Retirement System		(545,914)

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. (14,200)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (107,425)

Change in Net Position of Governmental Activities \$ (1,501,483)

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, 2024

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Business-Type</u>
ASSETS	Fund	Fund	Activities
Cash and cash equivalents	\$ 5,712,691	\$ 1,621,638	\$ 7,334,329
Accounts receivable, net	615,499	1,186,715	1,802,214
Due from other governments	727,741	-	727,741
Prepaid items	37,583	39,930	77,513
Capital assets:			
Land and work in progress	30,878,453	2,201,993	33,080,446
Other capital assets, net of depreciation	11,596,303	9,485,709	21,082,012
TOTAL ASSETS	<u>\$ 49,568,270</u>	<u>\$ 14,535,985</u>	<u>\$ 64,104,255</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	<u>\$ 290,115</u>	<u>\$ 617,461</u>	<u>\$ 907,576</u>
 LIABILITIES			
Accounts payable	\$ 420,723	\$ 218,383	\$ 639,106
Accrued liabilities	519,770	56,618	576,388
Bond anticipation note payable	1,500,000	1,150,000	2,650,000
Noncurrent liabilities:			
Due in one year	2,038,884	402,419	2,441,303
Due in more than one year	31,874,657	4,026,161	35,900,818
TOTAL LIABILITIES	<u>\$ 36,354,034</u>	<u>\$ 5,853,581</u>	<u>\$ 42,207,615</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>\$ 333,997</u>	<u>\$ 387,605</u>	<u>\$ 721,602</u>
 NET POSITION			
Net investment in capital assets	\$ 8,683,180	\$ 7,833,883	16,517,063
Restricted for:			
Restricted for debt	651,012	14,367	665,379
Capital reserve	3,248,001	1,116,271	4,364,272
Unrestricted	588,161	(52,261)	535,900
TOTAL NET POSITION	<u>\$ 13,170,354</u>	<u>\$ 8,912,260</u>	<u>\$ 22,082,614</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, 2024

	Business-Type Activities		Total Business-Type Activities
	Sewer Fund	Water Fund	
<u>Operating Revenues:</u>			
Charges for services	\$ 3,655,315	\$ 4,489,369	\$ 8,144,684
Grants and aid	209,870	28,405	238,275
TOTAL OPERATING REVENUE	\$ 3,865,185	\$ 4,517,774	\$ 8,382,959
<u>Operating Expenses:</u>			
Salaries	\$ 610,263	\$ 914,778	\$ 1,525,041
Benefits	294,068	553,643	847,711
Purchased services	1,495,704	1,546,262	3,041,966
Depreciation	894,956	614,939	1,509,895
Other expenses	20,589	25,335	45,924
TOTAL OPERATING EXPENSE	\$ 3,315,580	\$ 3,654,957	\$ 6,970,537
OPERATING INCOME OR (LOSS)	\$ 549,605	\$ 862,817	\$ 1,412,422
<u>Nonoperating Revenue (Expense):</u>			
Intergovernmental revenue	\$ 317,725	\$ 720	\$ 318,445
Interest	590,227	109,689	699,916
Sale of property and compensation for loss	8,736	35,487	44,223
Miscellaneous	81,423	18,476	99,899
Debt service interest	(1,250,050)	(119,587)	(1,369,637)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ (251,939)	\$ 44,785	\$ (207,154)
Income (Loss) Before Operating Transfers	\$ 297,666	\$ 907,602	\$ 1,205,268
Transfers out (to governmental funds)	-	(290,000)	(290,000)
CHANGE IN NET POSITION	\$ 297,666	\$ 617,602	\$ 915,268
TOTAL NET POSITION, BEGINNING	12,872,688	8,294,658	21,167,346
TOTAL NET POSITION, ENDING	\$ 13,170,354	\$ 8,912,260	\$ 22,082,614

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

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2024

	Business-Type Activities		Total
	Sewer Fund	Water Fund	Business-Type Activities
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 3,653,602	\$ 4,411,093	\$ 8,064,695
Cash payments to suppliers for goods and services	(1,361,321)	(1,758,877)	(3,120,198)
Cash payments to employees	(445,943)	(1,417,397)	(1,863,340)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,846,338	\$ 1,234,819	\$ 3,081,157
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
County capital contribution	\$ 317,725	\$ -	\$ 317,725
Interfund transfer	-	(290,000)	(290,000)
Proceeds from debt issuance	1,500,000	1,150,000	2,650,000
Interest expense	(1,303,305)	(104,450)	(1,407,755)
(Purchase) or sale of property and equipment	(11,664,121)	(2,235,345)	(13,899,466)
Principal payments on bonds	(656,000)	(374,000)	(1,030,000)
Miscellaneous	81,423	19,196	100,619
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (11,724,278)	\$ (1,834,599)	\$ (13,558,877)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 590,227	\$ 109,689	\$ 699,916
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 590,227	\$ 109,689	\$ 699,916
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (9,287,713)	\$ (490,091)	\$ (9,777,804)
CASH AND CASH EQUIVALENTS - BEGINNING	15,000,404	2,111,729	17,112,133
CASH AND CASH EQUIVALENTS - ENDING	\$ 5,712,691	\$ 1,621,638	\$ 7,334,329
OPERATING INCOME (LOSS)	\$ 549,605	\$ 862,817	\$ 1,412,422
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 894,956	\$ 614,939	\$ 1,509,895
(Increase) decrease in accounts receivable	(211,583)	(106,681)	(318,264)
(Increase) decrease in prepaid items	5,565	2,991	8,556
(Increase) decrease in deferred outflow	14,314	(34,177)	(19,863)
Increase (decrease) in accounts payable and accrued liabilities	591,946	(189,028)	402,918
Increase (decrease) in deferred inflow	185,546	100,607	286,153
Increase (decrease) in net OPEB liability	(76,369)	113,821	37,452
Increase (decrease) in net pension liability	(107,642)	(130,470)	(238,112)
TOTAL ADJUSTMENTS	\$ 1,296,733	\$ 372,002	\$ 1,668,735
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,846,338	\$ 1,234,819	\$ 3,081,157

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, 2024

	Custodial Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 4,054
	<u> </u>
TOTAL ASSETS	<u>\$ 4,054</u>
LIABILITIES	
Other liabilities	\$ 4,054
	<u> </u>
TOTAL LIABILITIES	<u>\$ 4,054</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ -
	<u> </u>
TOTAL NET POSITION	<u><u>\$ -</u></u>

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

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2024

	Custodial Funds
	<u> </u>
ADDITIONS	
Fees collected for New York State	\$ 3,256
Taxes collected for other municipalities	<u>6,421,783</u>
TOTAL ADDITIONS	<u>\$ 6,425,039</u>
DEDUCTIONS	
Fees collected for New York State	\$ 3,256
Taxes distributed to County	5,827,117
Taxes distributed to School District	<u>594,666</u>
TOTAL DEDUCTIONS	<u>\$ 6,425,039</u>
Change in net position	\$ -
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u><u>\$ -</u></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, 2024

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 nonmajor 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.

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.

(I.) (Continued)

2. **Nonmajor Governmental Funds**

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

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 nonmajor Special Revenue Funds utilized by the City:

Watershed Program	Community Development
Parks & Open Spaces	Cemetery
Energy Projects	

b. **Fiduciary Funds**

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

Custodial Fund – is custodial in nature and does not present results of operations or have measurement focus. The Custodial 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.

c. **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' 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 Funds include the Water and Sewer Funds.

(I.) (Continued)

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.

In addition, the City will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

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:

(I.) (Continued)

<u>Class</u>	<u>Estimated Useful Life</u>
Buildings	40 Years
Water & Sewer System/Infrastructure	50 Years
Equipment	4-20 Years

5. **Right To Use Assets**

The City-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is 5 years based on the contract terms and/or estimated replacement of the assets.

6. **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.

7. **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.

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 then.

8. **Short-Term Debt**

The City may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

(I.) (Continued)

9. **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.

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 \$514,865 for 29 retirees and/or their surviving spouses for the year ended December 31, 2024.

10. **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.

11. **Equity Classifications**

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

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

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. The City reported a government-wide deficit unrestricted net position as a result of the other postemployment benefit obligations.

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.

1. **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.
2. **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.
3. **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.
4. **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.

(I.) (Continued)

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.

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

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 Funds, 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 15. Taxes which remain unpaid after the collection period are enforced pursuant to the tax sale provisions in the City charter.

(I.) (Continued)

1. **Fund Financial Statements**

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- 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, 2024, the City implemented the following new standards issued by GASB:

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53.*

(I.) (Continued)

GASB has issued Statement 100 *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*.

GASB has issued Statement 101, *Compensated Absences*.

H. Future Changes in Accounting Standards

GASB has issued Statement 102, *Certain Risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Changes in Accounting Principles

For the year ended December 31, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement changes the reporting for compensated absences. There was no financial statement impact for the implementation of the Statement.

III. 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 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.

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.

C. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$4,926,580 at December 31, 2024, which is a result of expenses incurred before receiving financing.

IV. 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.

(IV.) (Continued)

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 with Securities held by the Pledging Financial Institution		13,919,294
Total	\$	13,919,294

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 \$2,538,361 within the governmental funds, and \$4,378,369 in the Proprietary Funds.

B. Investment Pool

The City participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year end are \$4,323,752, which consisted of \$686,612 in repurchase agreements, \$3,092,347 in U.S. Treasury Securities, and \$544,793 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General Fund	\$ 2,671,245	\$ 2,671,245	CLASS
Business-Type-Sewer Fund	1,219,606	1,219,606	CLASS
Business-Type-Water Fund	432,901	432,901	CLASS
Total	\$ 4,323,752	\$ 4,323,752	

C. Receivables

Receivables at December 31, 2024 for individual major and nonmajor funds consisted of the following, which are stated at net realizable value. City management has deemed the amounts to be fully collectible:

(IV.) (Continued)

Description	Government Funds					Business-Type Activities		
	General	Capital	Community Development	Watershed Program	Total	Sewer	Water	Total
Receivables -								
Taxes receivable	\$ 96,954	\$ -	\$ -	\$ -	\$ 96,954	\$ -	\$ -	\$ -
Rents receivable	-	-	-	-	-	308,267	988,000	1,296,267
Accounts receivable	1,722,043	3,500	62,138	-	1,787,681	317,232	198,715	515,947
Allowance for uncollectables	(10,436)	-	-	-	(10,436)	(10,000)	-	(10,000)
Total Receivables, net	\$ 1,808,561	\$ 3,500	\$ 62,138	\$ -	\$ 1,874,199	\$ 615,499	\$ 1,186,715	\$ 1,802,214
State and Federal -								
Due from state and federal	\$ 98,159	\$ 90,056	\$ -	\$ 42,637	\$ 230,852	\$ -	\$ -	\$ -
Other Governments -								
Due from other governments	\$ 1,102,516	\$ -	\$ -	\$ 13,000	\$ 1,115,516	\$ 727,741	\$ -	\$ 727,741
Total Receivables	\$ 3,009,236	\$ 93,556	\$ 62,138	\$ 55,637	\$ 3,220,567	\$ 1,343,240	\$ 1,186,715	\$ 2,529,955

D. Tax Abatement

The County of Ontario IDA, and the City enter into various property tax and sales tax abatement programs for the purpose of Economic Development. As a result, the City property tax revenue was reduced \$833,780. The City received payment in lieu of tax (PILOT) payment totaling \$126,609 to help offset the property tax reduction.

E. Interfund Revenues, and Expenditures

Interfund revenues and expenditures at December 31, 2024 were as follows:

	Interfund	
	Revenues	Expenditures
General Fund	\$ 312,979	\$ 3,348,486
Capital Fund	2,010,275	-
Business-Type - Water Fund	-	290,000
Nonmajor Funds	1,338,211	22,979
Total	\$ 3,661,465	\$ 3,661,465

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

(IV.) (Continued)

F. **Changes In Capital and Lease Assets**

1. **Governmental Activities**

a. **Capital Assets**

A summary of governmental changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 4,446,402	\$ -	\$ -	\$ 4,446,402
Work in progress	201,853	4,349,700	116,705	4,434,848
<i>Total Nondepreciable</i>	<u>\$ 4,648,255</u>	<u>\$ 4,349,700</u>	<u>\$ 116,705</u>	<u>\$ 8,881,250</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 26,687,874	\$ 465,983	\$ -	\$ 27,153,857
Machinery and equipment	13,178,905	2,115,883	1,709,692	13,585,096
Infrastructure	63,713,988	1,102,272	-	64,816,260
<i>Total Depreciated Assets</i>	<u>\$ 103,580,767</u>	<u>\$ 3,684,138</u>	<u>\$ 1,709,692</u>	<u>\$ 105,555,213</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 13,767,922	\$ 818,735	\$ -	\$ 14,586,657
Machinery and equipment	6,571,650	1,204,906	1,174,694	6,601,862
Infrastructure	48,151,505	1,494,498	-	49,646,003
<i>Total Accumulated Depreciation</i>	<u>\$ 68,491,077</u>	<u>\$ 3,518,139</u>	<u>\$ 1,174,694</u>	<u>\$ 70,834,522</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 35,089,690</u>	<u>\$ 165,999</u>	<u>\$ 534,998</u>	<u>\$ 34,720,691</u>
Total Capital Assets	<u>\$ 39,737,945</u>	<u>\$ 4,515,699</u>	<u>\$ 651,703</u>	<u>\$ 43,601,941</u>

b. **Lease Assets**

A summary of governmental changes in lease assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>
<u>Lease Assets:</u>				
Equipment	\$ 45,113	\$ -	\$ 23,383	\$ 21,730
Less Accumulated Amortization	19,397	11,847	17,514	13,730
<i>Total Lease Assets, Net</i>	<u>\$ 25,716</u>	<u>\$ (11,847)</u>	<u>\$ 5,869</u>	<u>\$ 8,000</u>
<u>Subscription IT assets:</u>				
Subscription IT assets	\$ 260,666	\$ -	\$ -	\$ 260,666
Less Accumulated Amortization	69,815	52,133	-	121,948
<i>Total Subscription IT Assets, Net</i>	<u>\$ 190,851</u>	<u>\$ (52,133)</u>	<u>\$ -</u>	<u>\$ 138,718</u>
Total Lease and Subscription IT Assets, Net	<u>\$ 216,567</u>	<u>\$ (63,980)</u>	<u>\$ 5,869</u>	<u>\$ 146,718</u>

(IV.) (Continued)

c. Other capital assets (net of depreciation and amortization):

Depreciated Capital Assets, net	\$ 34,720,691
Amortized Lease Assets, net	146,718
Total Other Capital Assets, net	\$ 34,867,409

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

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government	\$ 403,493	\$ 11,847	\$ 415,340
Public Safety	589,050	52,133	641,183
Transportation	2,079,965	-	2,079,965
Economic Opportunity	5,776	-	5,776
Culture and Recreation	293,510	-	293,510
Home and Community Services	146,345	-	146,345
Total Expense	\$ 3,518,139	\$ 63,980	\$ 3,582,119

2. Business-Type Activities

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

<u>Type</u>	<u>Balance</u> <u>1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>
<u>Business-Type Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 164,072	\$ -	\$ -	\$ 164,072
Work in progress	21,482,295	13,595,911	2,161,832	32,916,374
<i>Total Nondepreciable</i>	<u>\$ 21,646,367</u>	<u>\$ 13,595,911</u>	<u>\$ 2,161,832</u>	<u>\$ 33,080,446</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 37,819,381	\$ -	\$ -	\$ 37,819,381
Machinery and equipment	6,909,901	2,742,770	76,001	9,576,670
Infrastructure	24,087,474	157,395	-	24,244,869
<i>Total Depreciated Assets</i>	<u>\$ 68,816,756</u>	<u>\$ 2,900,165</u>	<u>\$ 76,001</u>	<u>\$ 71,640,920</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 27,082,829	\$ 696,566	\$ -	\$ 27,779,395
Machinery and equipment	3,717,194	497,142	76,001	4,138,335
Infrastructure	18,324,989	316,189	-	18,641,178
<i>Total Accumulated Depreciation</i>	<u>\$ 49,125,012</u>	<u>\$ 1,509,897</u>	<u>\$ 76,001</u>	<u>\$ 50,558,908</u>
Total Capital Assets Depreciated, Net of Accumulated Depreciation	<u>\$ 19,691,744</u>	<u>\$ 1,390,268</u>	<u>\$ -</u>	<u>\$ 21,082,012</u>
Total Capital Assets	<u>\$ 41,338,111</u>	<u>\$ 14,986,179</u>	<u>\$ 2,161,832</u>	<u>\$ 54,162,458</u>

Depreciation expense totaling \$1,509,897 was charged to home and community services.

(IV.) (Continued)

G. Short-Term Debt

1. Bond Anticipation Notes

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

State law requires that BANs issued for capital purposes be retired or converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

2. Interest Reconciliation

The short-term interest expense as of December 31, 2024 is as follows:

Governmental Activities:

Interest Paid	\$	-
Plus: Interest Accrued in the Current Year		109,189
Total Short-Term Interest Expense - Governmental Activities	\$	109,189

Business-Type Activities:

Interest Paid	\$	-
Plus: Interest Accrued in the Current Year		23,706
Total Long-Term Interest Expense - Business-Type Activities	\$	23,706

3. Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/24</u>
<u>Governmental Activities:</u>						
BAN-Construction	2/26/2025	4.50%	\$ -	\$ 7,160,000	\$ -	\$ 7,160,000
<u>Business Type Activities:</u>						
Water -BAN-Construction	2/26/2025	4.50%	-	1,150,000	-	1,150,000
Sewer -BAN-Construction	2/26/2025	4.50%	-	1,500,000	-	1,500,000
Total Short-Term Debt			\$ -	\$ 9,810,000	\$ -	\$ 9,810,000

(IV.) (Continued)

H. Long-Term Debt

At December 31, 2024 the total outstanding obligations of the City aggregated \$62,894,633 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, 2024 is as follows:

Governmental Activities:

Interest Paid	\$ 257,745
Less: Interest Accrued in the Prior Year	(11,529)
Plus: Interest Accrued in the Current Year	9,765
Total Long-Term Interest Expense - Governmental Activities	\$ 255,981

Business-Type Activities:

Interest Paid	\$ 1,322,114
Less: Interest Accrued in the Prior Year	(58,761)
Plus: Interest Accrued in the Current Year	82,578
Total Long-Term Interest Expense - Business-Type Activities	\$ 1,345,931

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.

Lease Liability – represents the value of future lease principal payments.

Retainage Liability – represents the value of retainage payable on capital projects.

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2024:

(IV.) (Continued)

	<u>Balance</u> <u>1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Serial Bonds Payable	\$ 8,360,000	\$ -	\$ 1,160,000	\$ 7,200,000	\$ 1,180,000
Net Pension Liability	7,079,499	-	926,949	6,152,550	-
Lease Liability	207,755	-	60,666	147,089	55,800
Retainage Payable	-	215,466	-	215,466	215,466
Compensated Absences	474,058	14,200	-	488,258	-
OPEB Liability	9,225,620	1,123,529	-	10,349,149	-
Total Governmental Activities	\$ 25,346,932	\$ 1,353,195	\$ 2,147,615	\$ 24,552,512	\$ 1,451,266
<u>Business-Type Activities:</u>					
Serial Bonds Payable	\$ 35,840,000	\$ -	\$ 1,030,000	\$ 34,810,000	\$ 1,945,000
Unamortized Bond Premium	1,160,850	-	61,097	1,099,753	61,097
Net Pension Liability	840,756	-	238,112	602,644	-
Retainage Payable	-	435,206	-	435,206	435,206
Compensated Absences	119,400	-	9,357	110,043	-
OPEB Liability	1,247,023	37,452	-	1,284,475	-
Total Business-Type Activities	\$ 39,208,029	\$ 472,658	\$ 1,338,566	\$ 38,342,121	\$ 2,441,303
Total Long-Term Obligations	\$ 64,554,961	\$ 1,825,853	\$ 3,486,181	\$ 62,894,633	\$ 3,892,569

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

5. Debt Maturity Schedule

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

<u>Description</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>12/31/24</u>
<u>Governmental Activities:</u>					
<u>General Fund -</u>					
Serial Bonds	\$ 1,613,000	2015	2025	2.00%-2.25%	\$ 175,000
Serial Bonds	\$ 1,988,950	2015	2027	3.01%	245,000
Serial Bonds	\$ 7,320,000	2018	2033	3.00%-3.50%	4,530,000
Serial Bonds	\$ 1,430,000	2019	2034	1.75%-2.00%	985,000
Serial Bonds	\$ 260,000	2020	2026	2.00%-4.00%	40,000
Serial Bonds	\$ 1,500,000	2023	2028	4.00%	1,225,000
Leases - Equipment	\$ 37,945	2021-22	2026-27	2.50%	8,208
Leases - Subscription	\$ 260,666	2021-23	2025-27	2.50%	138,881
<u>Business-Type Activities:</u>					
<u>Water Fund -</u>					
Serial Bonds	\$ 666,500	2015	2025	2.00%-2.25%	75,000
Serial Bonds	\$ 2,371,800	2015	2046	3.01%	1,622,000
Serial Bonds	\$ 715,000	2019	2034	1.75%-2.00%	490,000
Serial Bonds	\$ 1,325,000	2020	2031	1.00%-4.00%	670,000
<u>Sewer Fund -</u>					
Serial Bonds	\$ 620,500	2015	2025	2.00%-2.25%	70,000
Serial Bonds	\$ 554,250	2015	2027	3.01%	78,000
Serial Bonds	\$ 715,000	2019	2034	1.75%-2.00%	510,000
Serial Bonds	\$ 3,755,000	2020	2031	1.00%-4.00%	2,480,000
Serial Bonds	\$ 5,000,000	2022	2042	3.73%	4,815,000
Serial Bonds	\$ 24,000,000	2023	2042	4.00%	24,000,000
Total					\$ 42,157,089

(IV.) (Continued)

6. The following table summarizes the City's future debt service requirements as of December 31, 2024:

Year	Governmental Activities				Business-Type Activities	
	Serial Bonds		Leases		Serial Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,180,000	\$ 219,706	\$ 55,800	\$ 3,676	\$ 1,945,000	\$ 1,285,525
2026	1,046,000	182,769	45,367	2,294	1,834,000	1,227,675
2027	999,000	147,929	45,922	1,146	1,886,000	1,156,465
2028	995,000	114,969	-	-	1,905,000	1,083,406
2029	540,000	89,368	-	-	1,830,000	1,024,169
2030-34	2,440,000	195,144	-	-	8,900,000	4,132,394
2035-39	-	-	-	-	9,545,000	2,374,740
2040-44	-	-	-	-	6,825,000	486,300
2045-46	-	-	-	-	140,000	8,400
Total	\$ 7,200,000	\$ 949,885	\$ 147,089	\$ 7,116	\$ 34,810,000	\$ 12,779,074

7. 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. \$5,340,000 of bonds outstanding are considered defeased.

8. **Deferred Outflow and Inflow of Resources**

The City has the following deferred outflow and inflow of resources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Pension	\$ 5,808,936	\$ 2,495,531	\$ 610,006	\$ 316,436
Leases	-	1,548,320	-	-
Bonds	-	-	-	156,820
OPEB	1,441,576	2,183,372	297,570	248,346
Total	\$ 7,250,512	\$ 6,227,223	\$ 907,576	\$ 721,602

I. **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.

(IV.) (Continued)

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, 2024 is \$124,896.

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, 2024 is \$1,658,627.

c. **General Reserve** – Represents amounts held in reserve by contributors for a specific purpose. The balance at December 31, 2024 is \$132,748.

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, 2024 is \$89,466.

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.

(IV.) (Continued)

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

e. **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.

c. **Assigned**

The City has the following assigned funds:

General Fund – 1. Appropriated for Taxes 2. Encumbrances

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 \$30,000 are considered significant in the General Fund. The City has significant encumbrances of \$41,527 relating to public safety, and \$39,495 relating to transportation. The City has outstanding purchase commitments totaling \$1,672,326 in the Capital Projects Fund.

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:

(IV.) (Continued)

<u>FUND BALANCE:</u>	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	
		<u>Fund</u>		
<u>Nonspendable -</u>				
Inventory	\$ 15,749	\$ -	\$ -	\$ 15,749
Prepaid items	439,280	-	4,029	443,309
Total Nonspendable	\$ 455,029	\$ -	\$ 4,029	\$ 459,058
<u>Restricted -</u>				
Capital reserves	\$ 1,658,627	\$ -	\$ -	\$ 1,658,627
Insurance reserve	124,896	-	-	124,896
Debt reserve	-	-	89,466	89,466
General reserve	132,748	-	-	132,748
Special districts -				
Community development fund	-	-	135,948	135,948
Cemetery fund	-	-	29,083	29,083
Parks & open spaces fund	-	-	118,799	118,799
Energy projects fund	-	-	8,461	8,461
Canandaigua Lake watershed council	-	-	240,394	240,394
Total Restricted	\$ 1,916,271	\$ -	\$ 622,151	\$ 2,538,422
<u>Assigned -</u>				
Appropriated for taxes	\$ 1,483,358	\$ -	\$ -	\$ 1,483,358
General government support	18,767	-	-	18,767
Public safety	41,527	-	-	41,527
Transportation	39,495	-	-	39,495
Culture and recreation	2,500	-	-	2,500
Home and community service	13,000	-	-	13,000
Total Assigned	\$ 1,598,647	\$ -	\$ -	\$ 1,598,647
<u>Unassigned</u>	\$ 5,606,680	\$ (4,926,580)	\$ -	\$ 680,100
TOTAL FUND BALANCE	\$ 9,576,627	\$ (4,926,580)	\$ 626,180	\$ 5,276,227

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.

(IV.) (Continued)

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

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

Debt	\$	89,466
Watershed		240,394
Parks & Open Spaces		118,799
Energy Projects Fund		8,461
Cemetery		29,083
Community Development		135,948
Capital Reserves		1,658,627
Insurance Reserve		124,896
Other		132,748
Total Net Position - Restricted for Other Purposes	\$	<u>2,538,422</u>

V. **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.

(V.) (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 five 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 five 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.

Tier 6

Eligibility: Tier 6 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 full benefit age of Tier 6 is 63 and ERS members and 62 for PFRS members.

(V.) (Continued)

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 five 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 three 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.

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.

(V.) (Continued)

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>
12/15/2024	\$ 657,808	\$	1,164,237
12/15/2023	\$ 530,831	\$	952,870
12/15/2022	\$ 423,788	\$	843,382

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, 2024, the City reported a liability of \$1,930,311 for ERS and a liability of \$4,824,883 for PFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2024, the City's proportion was 0.0131099 percent for ERS and 0.1017302 percent for PFRS.

For the year ended December 31, 2024 the City recognized pension expense of \$879,731 for ERS, and \$1,656,020 for PFRS. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 621,752	\$ 1,486,482	\$ 52,635	\$ -
Changes of assumptions	729,807	1,819,950	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	942,947	1,309,723
Changes in proportion and differences between the District's contributions and proportionate share of contributions	108,982	285,436	17,983	488,679
Subtotal	\$ 1,460,541	\$ 3,591,868	\$ 1,013,565	\$ 1,798,402
City's contributions subsequent to the measurement date	493,355	873,178	-	-
Grand Total	<u>\$ 1,953,896</u>	<u>\$ 4,465,046</u>	<u>\$ 1,013,565</u>	<u>\$ 1,798,402</u>

(V.) (Continued)

	Deferred Outflows of Resources						
	Governmental		Total	Proprietary		Total	Grand
	<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	\$ 1,486,482	\$ 427,641	\$ 1,914,123	\$ 115,086	\$ 79,025	\$ 194,111	\$ 2,108,234
Changes of assumptions	1,819,950	501,962	2,321,912	135,087	92,758	227,845	2,549,757
Changes in proportion and differences between the City's contributions and proportionate share of contributions	285,436	74,957	360,393	20,173	13,852	34,025	394,418
SubTotal	\$ 3,591,868	\$ 1,004,560	\$ 4,596,428	\$ 270,346	\$ 185,635	\$ 455,981	\$ 5,052,409
City's contributions subsequent to the measurement date	873,178	339,330	1,212,508	91,320	62,705	154,025	1,366,533
Grand Total	\$ 4,465,046	\$ 1,343,890	\$ 5,808,936	\$ 361,666	\$ 248,340	\$ 610,006	\$ 6,418,942

	Deferred Inflows of Resources						
	Governmental		Total	Proprietary		Total	Grand
	<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	\$ -	\$ 36,202	\$ 36,202	\$ 9,743	\$ 6,690	\$ 16,433	\$ 52,635
Net difference between projected and actual earnings on pension plan investments	1,309,723	648,559	1,958,282	174,539	119,849	294,388	2,252,670
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	488,679	12,368	501,047	3,329	2,286	5,615	506,662
Grand Total	\$ 1,798,402	\$ 697,129	\$ 2,495,531	\$ 187,611	\$ 128,825	\$ 316,436	\$ 2,811,967

(V.) (Continued)

The City reported \$1,366,533 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, 2024. 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>ERS</u>	<u>PFRS</u>
2025	\$ (320,403)	\$ (386,042)
2026	380,220	1,397,565
2027	577,083	733,528
2028	(189,924)	(152,606)
2029	-	201,021
Total	\$ 446,976	\$ 1,793,466

1. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2024	March 31, 2024
Actuarial valuation date	April 1, 2024	April 1, 2024
Interest rate	5.90%	5.90%
Salary scale	4.40%	6.20%
Decrement tables	April 1 2015 - March 31, 2020 System's Experience	April 1 2015 - March 31, 2020 System's Experience
Inflation rate	2.90%	2.90%
COLA's	1.50%	1.50%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2021.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

(V.) (Continued)

<u>Asset Type</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.00%
International equity	6.65%
Private equity	7.25%
Real estate	4.60%
Opportunistic portfolios	5.25%
Credit	5.40%
Real assets	5.79%
Fixed income	1.50%
Cash	0.25%

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.9% for PFRS.

2. Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. 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 Systems' 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 5.90%, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate:

	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (6,069,096)	\$ (1,930,311)	\$ 1,526,432
		<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
<u>PFRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (11,276,883)	\$ (4,824,883)	\$ 505,412

(V.) (Continued)

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ 240,696,851	\$ 46,137,717
Plan net position	225,972,801	41,394,895
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (4,742,822)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	89.72%

VI. **Postemployment Benefits**

A. **General Information About the OPEB Plan**

Plan Description – The City’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The City provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the City offices and are available upon request.

Employees Covered by Benefit Terms – At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Active Employees	<u>108</u>
Total	<u>150</u>

B. **Total OPEB Liability**

The City’s total OPEB liability of \$11,633,624 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

(VI.) (Continued)

Inflation	2.30%
Salary Increases	3.30%, average, including inflation
Discount Rate	3.88%
Healthcare Cost Trend Rates	5.30% for 2024, decreasing to an ultimate rate of 3.71% for 2075 and later years
Retirees' Share of Benefit-Related Costs	Various percent of projected health insurance premiums for retirees

The discount rate was based on Fidelity General Obligation AA-20 Year Municipal Bond rate.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

C. Changes in the Total OPEB Liability

Balance at December 31, 2023	<u>\$ 10,472,643</u>
<u>Changes for the Year -</u>	
Service cost	\$ 294,613
Interest	472,122
Changes of benefit terms	(1,762)
Differences between expected and actual experience	338,761
Changes in assumptions or other inputs	649,457
Benefit payments	<u>(592,210)</u>
Net Changes	<u>\$ 1,160,981</u>
Balance at December 31, 2024	<u>\$ 11,633,624</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.64% in 2023 to 3.88% in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.88%)</u>	<u>Rate</u>	<u>(3.88%)</u>
		<u>(3.88%)</u>	<u>(4.88%)</u>
Total OPEB Liability	\$ 12,542,226	\$ 11,633,624	\$ 10,810,348

(VI.) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.30% decreasing to 2.71%) or 1-percentage-point higher 6.30% decreasing to 4.71%) than the current healthcare cost trend rate:

	1% Decrease (4.30% Decreasing to 2.71%)	Healthcare Cost Trend Rates (5.30% Decreasing to 3.71%)	1% Increase (6.30% Decreasing to 4.71%)
Total OPEB Liability	\$ 10,603,528	\$ 11,633,624	\$ 12,837,008

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of \$876,382. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 717,884	\$ 766,434
Changes of assumptions	603,375	1,416,938
City's contributions subsequent to the measurement date	120,317	-
Total	<u>\$ 1,441,576</u>	<u>\$ 2,183,372</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2025	\$ 31,895
2026	(174,817)
2027	(174,817)
2028	(174,817)
2029	(174,817)
Thereafter	(194,740)
Total	<u>\$ (862,113)</u>

VII. 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.

VIII. 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, 2024 and 2023 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 \$124,896 at December 31, 2024.

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, 2024, the City of Canandaigua, Ontario County, New York incurred premiums or contribution expenditures totaling \$241,689 which were collected through the County's tax levy.

IX. 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 will not be material to the financial statements.

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.

X. Lease Agreements

A. System Site Lease Agreement

On May 8, 2015 the City entered into a system site lease agreement to lease approximately ten (10) acres of land for solar panel use. The City will receive a one-time payment of \$1 for the lease of this property over the twenty-five year term of this agreement. The commercial operation date of the solar panels was January 1, 2019.

B. Power Purchase Agreement

On May 8, 2015 the City (purchaser) entered into a power purchase agreement with a third party (seller) to purchase energy generated by the solar system located on the ten (10) acres in the system site lease agreement noted above. The City pays an annual fixed rate that increases each year from .092/kwh in year 1 to .14798/kwh in year 25. Any energy generated that exceeds the City's needs will be sold to a utility in accordance with the net metering rules or enter into other arrangements to deliver or exchange excess energy to another buyer. Any excess energy sold to a utility will offset cost to the City and then be maintained as a credit to offset future utility cost of the City. The commercial operation date of the solar panels was January 1, 2019. As of December 31, 2024 the City had a solar credit balance totaling \$0.

XI. Rental of Real Property

The City has entered into agreements to lease City property for the following:

A. Cellular Towers

The total rental income received for the year ended December 31, 2024 totaled \$164,995 which is reported in the General Fund.

(XI.) (Continued)

B. Muar House

The total rental income received for the year ended December 31, 2024 totaled \$14,273 which is reported in the General Fund.

C. West Lake Road

The total rental income received for the year ended December 31, 2024 totaled \$12,000 which is reported in the Water Fund.

D. Solar Farm

The total rental income received for the year ended December 31, 2024 totaled \$26,285 which is reported in the General Fund.

XII. Subsequent Event

On February 24, 2025 the City issued a serial bond in the amount of \$9,315,000 at an interest rate of 3.1492%.

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of Changes in City's Total OPEB Liability and Related Ratio
(Unaudited)
For the Year Ended December 31, 2024

	TOTAL OPEB LIABILITY						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 294,613	\$ 316,852	\$ 424,076	\$ 353,776	\$ 297,524	\$ 278,425	\$ 296,837
Interest	472,122	438,699	276,816	270,198	281,137	377,853	351,215
Changes in benefit terms	(1,762)	-	173,117	-	-	(25,931)	-
Differences between expected and actual experiences	338,761	379,876	(1,066,705)	790,131	706,821	(962,561)	(14,335)
Changes of assumptions or other inputs	649,457	(316,385)	(1,806,643)	553,615	318,502	1,189,673	(269,936)
Benefit payments	(592,210)	(563,015)	(609,505)	(671,890)	(519,002)	(514,487)	(496,416)
Net Change in Total OPEB Liability	\$ 1,160,981	\$ 256,027	\$ (2,608,844)	\$ 1,295,830	\$ 1,084,982	\$ 342,972	\$ (132,635)
Total OPEB Liability - Beginning	\$ 10,472,643	\$ 10,216,616	\$ 12,825,460	\$ 11,529,630	\$ 10,444,648	\$ 10,101,676	\$ 10,234,311
Total OPEB Liability - Ending	\$ 11,633,624	\$ 10,472,643	\$ 10,216,616	\$ 12,825,460	\$ 11,529,630	\$ 10,444,648	\$ 10,101,676
Covered Employee Payroll	\$ 7,686,758	\$ 6,934,817	\$ 6,698,365	\$ 6,242,104	\$ 6,034,517	\$ 5,845,368	\$ 5,845,368
Total OPEB Liability as a Percentage of Covered Employee Payroll	151.35%	151.02%	152.52%	205.47%	191.06%	178.68%	172.82%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of the City's Proportionate Share of the Net Pension Liability
(Unaudited)
For the Year Ended December 31, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0131099%	0.0123487%	0.0124439%	0.0128355%	0.0120531%	0.0125312%	0.0126691%	0.0125921%	0.0120560%	0.0122275%
Proportionate share of the net pension liability (assets)	\$ 1,930,311	\$ 2,648,051	\$ (1,017,235)	\$ 12,871	\$ 3,191,729	\$ 887,871	\$ 408,888	\$ 1,183,184	\$ 1,935,021	\$ 413,076
Covered-employee payroll	\$ 4,508,542	\$ 4,273,416	\$ 3,848,539	\$ 3,725,433	\$ 3,913,713	\$ 3,857,951	\$ 3,773,084	\$ 3,760,142	\$ 3,577,704	\$ 3,650,025
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	42.815%	61.966%	-26.432%	0.345%	81.552%	23.014%	10.837%	31.466%	54.086%	11.317%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSPPRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1017302%	0.0956761%	0.0900912%	0.0924855%	0.0782952%	0.0757769%	0.0741655%	0.0770643%	0.0915745%	0.0740655%
Proportionate share of the net pension liability (assets)	\$ 4,824,883	\$ 5,272,204	\$ 511,758	\$ 1,605,803	\$ 4,184,829	\$ 1,270,827	\$ 749,633	\$ 1,597,275	\$ 2,711,325	\$ 203,872
Covered-employee payroll	\$ 4,031,479	\$ 3,721,002	\$ 3,360,284	\$ 3,136,725	\$ 3,211,666	\$ 2,965,135	\$ 2,756,805	\$ 2,782,060	\$ 2,690,048	\$ 2,756,062
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	119.680%	141.688%	15.230%	51.194%	130.301%	42.859%	27.192%	57.413%	100.791%	7.397%
Plan fiduciary net position as a percentage of the total pension liability	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of City Contributions
(Unaudited)
For the Year Ended December 31, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 657,808	\$ 530,831	\$ 423,788	\$ 571,184	\$ 552,587	\$ 548,116	\$ 556,844	\$ 538,374	\$ 607,902	\$ 693,834
Contributions in relation to the contractually required contribution	<u>(657,808)</u>	<u>(530,831)</u>	<u>(423,788)</u>	<u>(571,184)</u>	<u>(552,587)</u>	<u>(548,116)</u>	<u>(556,844)</u>	<u>(538,374)</u>	<u>(607,902)</u>	<u>(693,834)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,508,542	\$ 4,273,416	\$ 3,848,539	\$ 3,725,433	\$ 3,913,713	\$ 3,857,951	\$ 3,773,084	\$ 3,760,142	\$ 3,577,704	\$ 3,650,025
Contributions as a percentage of covered-employee payroll	14.59%	12.42%	11.01%	15.33%	14.12%	14.21%	14.76%	14.32%	16.99%	19.01%
NYSPPRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,164,237	\$ 952,870	\$ 843,382	\$ 817,826	\$ 668,173	\$ 620,349	\$ 640,643	\$ 609,334	\$ 617,316	\$ 619,951
Contributions in relation to the contractually required contribution	<u>(1,164,237)</u>	<u>(952,870)</u>	<u>(843,382)</u>	<u>(817,826)</u>	<u>(668,173)</u>	<u>(620,349)</u>	<u>(640,643)</u>	<u>(609,334)</u>	<u>(617,316)</u>	<u>(619,951)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,031,479	\$ 3,721,002	\$ 3,360,284	\$ 3,136,725	\$ 3,211,666	\$ 2,965,135	\$ 2,756,805	\$ 2,782,060	\$ 2,690,048	\$ 2,756,062
Contributions as a percentage of covered-employee payroll	28.88%	25.61%	25.10%	26.07%	20.80%	20.92%	23.24%	21.90%	22.95%	22.49%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2024

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 6,900,650	\$ 6,900,650	\$ 6,917,780	\$ -	\$ 17,130
Non-property taxes	6,776,450	6,776,450	6,664,026	-	(112,424)
Departmental income	1,015,689	1,052,226	1,059,681	-	7,455
Intergovernmental charges	1,193,927	1,196,453	1,219,876	-	23,423
Use of money and property	557,272	557,272	796,586	-	239,314
Licenses and permits	128,240	128,240	108,288	-	(19,952)
Fines and forfeitures	104,500	104,500	90,723	-	(13,777)
Sale of property and compensation for loss	250,000	254,867	94,867	-	(160,000)
Miscellaneous	2,000	7,654	24,443	-	16,789
Interfund revenues	700,360	700,360	700,360	-	-
State and county aid	1,579,002	1,672,899	1,747,738	-	74,839
Federal aid	2,125	2,125	85,921	-	83,796
Total Revenues	\$ 19,210,215	\$ 19,353,696	\$ 19,510,289	\$ -	\$ 156,593
Expenditures:					
Current:					
General government support	\$ 3,196,198	\$ 3,186,285	\$ 3,013,620	\$ 18,767	\$ 153,898
Public safety	5,700,464	5,956,501	5,672,755	41,527	242,219
Transportation	1,477,763	1,449,104	1,254,470	39,495	155,139
Economic assistance and development	202,750	202,750	202,499	-	251
Culture and recreation	1,202,183	1,212,695	1,044,592	2,500	165,603
Home and community services	1,073,711	1,080,265	1,043,917	13,000	23,348
Employee benefits	4,833,686	4,841,732	4,610,473	-	231,259
Debt Service:					
Debt service - principal	-	60,666	60,666	-	-
Debt service - interest and other charges	-	3,839	3,839	-	-
Total Expenditures	\$ 17,686,755	\$ 17,993,837	\$ 16,906,831	\$ 115,289	\$ 971,717
Excess (deficiency) of revenue over expenditures	\$ 1,523,460	\$ 1,359,859	\$ 2,603,458	\$ (115,289)	\$ 1,128,310
Other Financing Sources and Uses:					
Transfers - in	\$ 390,000	\$ 499,220	\$ 312,979	\$ -	\$ (186,241)
Transfers - out	(3,585,494)	(5,052,410)	(3,348,486)	-	1,703,924
Total Other Financing Sources and Uses	\$ (3,195,494)	\$ (4,553,190)	\$ (3,035,507)	\$ -	\$ 1,517,683
Net change in fund balances	\$ (1,672,034)	\$ (3,193,331)	\$ (432,049)	\$ (115,289)	\$ 2,645,993
Fund Balance - Beginning	10,008,676	10,008,676	10,008,676	-	-
Fund Balance - Ending	\$ 8,336,642	\$ 6,815,345	\$ 9,576,627	\$ (115,289)	\$ 2,645,993

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 Governmental Funds

December 31, 2024

	Debt Service Fund	Watershed Program Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 90,340	\$ 198,279
Receivables, net	-	-
Due from other governments, net	-	13,000
State and federal aid receivable	-	42,637
Prepaid items	-	4,029
Total Assets	<u><u>\$ 90,340</u></u>	<u><u>\$ 257,945</u></u>
 Liabilities, Deferred Inflows, and Fund Balances		
Liabilities:		
Accounts payable	\$ 874	\$ 10,638
Accrued liabilities	-	2,884
Total Liabilities	<u><u>\$ 874</u></u>	<u><u>\$ 13,522</u></u>
Deferred Inflows:		
Deferred Inflows of Resources	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balances:		
Nonspendable	\$ -	\$ 4,029
Restricted	89,466	240,394
Total Fund Balances	<u><u>\$ 89,466</u></u>	<u><u>\$ 244,423</u></u>
 Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 90,340</u></u>	<u><u>\$ 257,945</u></u>

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2024

Park & Open Spaces Fund	Energy Projects Fund	Cemetery Fund	Community Development Fund	Total Nonmajor Governmental Funds
\$ 118,799	\$ 8,461	\$ 29,083	\$ 142,341	\$ 587,303
-	-	-	62,138	62,138
-	-	-	-	13,000
-	-	-	-	42,637
-	-	-	-	4,029
<u>\$ 118,799</u>	<u>\$ 8,461</u>	<u>\$ 29,083</u>	<u>\$ 204,479</u>	<u>\$ 709,107</u>
\$ -	\$ -	\$ -	\$ 6,393	\$ 17,905
-	-	-	-	2,884
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,393</u>	<u>\$ 20,789</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,138</u>	<u>\$ 62,138</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,029
118,799	8,461	29,083	135,948	622,151
<u>\$ 118,799</u>	<u>\$ 8,461</u>	<u>\$ 29,083</u>	<u>\$ 135,948</u>	<u>\$ 626,180</u>
<u>\$ 118,799</u>	<u>\$ 8,461</u>	<u>\$ 29,083</u>	<u>\$ 204,479</u>	<u>\$ 709,107</u>

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Debt Service Fund	Watershed Program Fund
Revenues:		
Departmental income	\$ -	\$ -
Intergovernmental charges	-	195,001
Use of money and property	72,265	12,389
Miscellaneous	18,115	250
State and county aid	-	110,186
Total Revenues	\$ 90,380	\$ 317,826
Expenditures:		
Current:		
General government support	\$ 1,319	\$ -
Economic assistance and development	-	-
Culture and recreation	-	-
Home and community services	-	209,210
Employee benefits	-	35,777
Debt Service:		
Debt service - principal	1,160,000	-
Debt service - interest and other charges	253,906	-
Total Expenditures	\$ 1,415,225	\$ 244,987
Excess (deficiency) of revenue over expenditures	\$ (1,324,845)	\$ 72,839
Other Financing Sources and Uses:		
Transfers - in	\$ 1,338,211	\$ -
Transfers - out	-	-
Total Other Financing Sources and Uses	\$ 1,338,211	\$ -
Net change in fund balances	\$ 13,366	\$ 72,839
Fund Balance - Beginning	76,100	171,584
Fund Balance - Ending	\$ 89,466	\$ 244,423

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

Park & Open Spaces Fund	Energy Projects Fund	Cemetery Fund	Community Development Fund	Total Nonmajor Governmental Funds
\$ 8,500	\$ -	\$ -	\$ 56,945	\$ 65,445
-	-	-	-	195,001
6,926	442	15	363	92,400
-	-	-	7,500	25,865
-	-	-	233,250	343,436
<u>\$ 15,426</u>	<u>\$ 442</u>	<u>\$ 15</u>	<u>\$ 298,058</u>	<u>\$ 722,147</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,319
-	-	-	227,500	227,500
4	-	-	-	4
-	-	-	25,000	234,210
-	-	-	-	35,777
-	-	-	-	1,160,000
-	-	-	-	253,906
<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,500</u>	<u>\$ 1,912,716</u>
<u>\$ 15,422</u>	<u>\$ 442</u>	<u>\$ 15</u>	<u>\$ 45,558</u>	<u>\$ (1,190,569)</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,338,211
(22,979)	-	-	-	(22,979)
<u>\$ (22,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,232</u>
\$ (7,557)	\$ 442	\$ 15	\$ 45,558	\$ 124,663
126,356	8,019	29,068	90,390	501,517
<u><u>\$ 118,799</u></u>	<u><u>\$ 8,461</u></u>	<u><u>\$ 29,083</u></u>	<u><u>\$ 135,948</u></u>	<u><u>\$ 626,180</u></u>