

CITY OF CANANDAIGUA
Ontario County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2016

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canandaigua, Ontario County, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, , each major fund, and the aggregate remaining fund information of the City of Canandaigua, Ontario County, New York, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress of postemployment benefit plan, schedule of the City's proportionate share of the net position liability, schedule of City contributions, and budgetary comparison information on pages 3–15 and 59–62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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



May 17, 2017

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Management's Discussion and Analysis

December 31, 2016

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, 2016. This section of the report should be read in conjunction with the basic financial statements, which immediately follow this section, in order to provide an enhanced understanding of the City's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

In the governmental area, financial statements are organized around "funds." A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are established to control and manage the money and budgets of certain governmental activities. Some funds are required to be set up by law, and others to meet state and federal government requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Notes to the Financial Statements

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. As of December 31, 2016 the total assets of the City exceeded liabilities by \$55,648,401.

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

	December 31, 2016			December 31, 2015		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
<u>Assets</u>						
Current and other assets	\$ 8,006,436	\$ 7,874,060	\$ 15,880,496	\$ 9,023,817	\$ 7,606,539	\$ 16,630,356
Capital assets	37,697,265	21,612,333	59,309,598	38,104,954	22,346,749	60,451,703
Total assets	\$ 45,703,701	\$ 29,486,393	\$ 75,190,094	\$ 47,128,771	\$ 29,953,288	\$ 77,082,059
Deferred Outflows	\$ 4,642,726	\$ 750,945	\$ 5,393,671	\$ 980,474	\$ 195,680	\$ 1,176,154
<u>Liabilities</u>						
Other liabilities	\$ 754,003	\$ 310,546	\$ 1,064,549	\$ 553,756	\$ 202,679	\$ 756,435
Long-term liabilities	10,075,175	13,013,784	23,088,959	7,828,926	13,355,277	21,184,203
Total liabilities	\$ 10,829,178	\$ 13,324,330	\$ 24,153,508	\$ 8,382,682	\$ 13,557,956	\$ 21,940,638
Deferred Inflows	\$ 702,387	\$ 79,469	\$ 781,856	\$ 41,915	\$ -	\$ 41,915
<u>Net Position</u>						
Invested in capital Assets net of related debt	\$ 32,489,173	\$ 9,525,383	\$ 42,014,556	\$ 31,802,201	\$ 10,004,390	\$ 41,806,591
Restricted	2,333,968	4,380,262	6,714,230	2,259,048	3,701,467	5,960,515
Unrestricted	3,991,721	2,927,894	6,919,615	5,623,399	2,885,155	8,508,554
Total net position	\$ 38,814,862	\$ 16,833,539	\$ 55,648,401	\$ 39,684,648	\$ 16,591,012	\$ 56,275,660

The largest component of the City's net position, \$42,014,556 or approximately 75.4%, 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 \$6,714,230 or 12.1% of total net position is restricted and is not available to finance the day-to-day operations of the City. The funding levels of capital reserves exceeded capital expenditures which resulted in an increase of \$753,715 in the restricted portion of net position from fiscal 2015 to fiscal 2016.

The remaining \$6,919,615 or 12.5% balance of unrestricted net position can be used to finance future operations.

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

	<u>December 31, 2016</u>			<u>December 31, 2015</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
<u>Program revenue</u>						
Charges for service	\$ 1,766,550	\$ 5,811,257	\$ 7,577,807	\$ 1,886,920	\$ 5,837,046	\$ 7,723,966
Operating grants and contributions	218,105	-	218,105	233,532	-	233,532
Capital grants and contributions	297,116	339,526	636,642	401,174	344,525	745,699
<u>General revenue</u>						
Real property taxes	4,952,372	-	4,952,372	4,839,956	-	4,839,956
Non-property taxes	4,610,781	-	4,610,781	4,570,005	-	4,570,005
Governmental aid	1,119,304	-	1,119,304	1,295,096	-	1,295,096
Other	503,686	28,902	532,588	439,196	75,769	514,965
Advance refunding	-	-	-	(169,350)	(110,650)	(280,000)
Transfers	290,000	(290,000)	-	290,000	(290,000)	-
Total revenue	<u>\$ 13,757,914</u>	<u>\$ 5,889,685</u>	<u>\$ 19,647,599</u>	<u>\$ 13,786,529</u>	<u>\$ 5,856,690</u>	<u>\$ 19,643,219</u>
<u>Program expenses</u>						
General government	\$ 2,588,961	\$ -	\$ 2,588,961	\$ 2,429,015	\$ -	\$ 2,429,015
Public safety	6,183,347	-	6,183,347	5,441,177	-	5,441,177
Transportation	3,079,954	-	3,079,954	2,900,586	-	2,900,586
Economic Assistance and Opportunity	243,435	-	243,435	238,729	-	238,729
Cultural and recreation	1,366,186	-	1,366,186	1,381,275	-	1,381,275
Home and community services	1,031,466	-	1,031,466	978,012	-	978,012
Interest on long-term debt	134,351	-	134,351	128,777	-	128,777
Water	-	2,852,150	2,852,150	-	2,876,017	2,876,017
Sewer	-	2,795,008	2,795,008	-	2,860,559	2,860,559
Total expenses	<u>\$ 14,627,700</u>	<u>\$ 5,647,158</u>	<u>\$ 20,274,858</u>	<u>\$ 13,497,571</u>	<u>\$ 5,736,576</u>	<u>\$ 19,234,147</u>
Change in net position	<u>\$ (869,786)</u>	<u>\$ 242,527</u>	<u>\$ (627,259)</u>	<u>\$ 288,958</u>	<u>\$ 120,114</u>	<u>\$ 409,072</u>

The revenue and expense information was derived from the government-wide statement of activities and reflects how the City's net position changed during the fiscal year. The City's total net position decreased \$627,259 during 2016. Total government expenses of \$20.3 million were offset by revenues of \$19.7 million.

Governmental Activities: Governmental activities net position decreased \$869,786 in 2016.

Total revenues from governmental activities totaled \$13,757,914 in 2016, which was a decrease of \$28,615 over 2015.

Program revenues represented 16.7% of total governmental revenues and decreased 8.9% over 2015.

- Charges for service decreased 5.6% primarily due to a decrease building permit fees and associated reimbursable charges from Phase 1 of a large building project on the lake which begin construction in 2015.
- Capital grants and contributions decreased 25.9% over the prior year. This decrease was primarily due to a grant for the purchase of recycle toters, a donation to clean up Lagoon Park and FEMA funds received for storm damage to Kershaw Park received in 2015.

General revenues (taxes, intergovernmental, investment earnings and other revenue) represented 83.3% of total governmental and increased 1.9% over 2015.

- Property tax revenue increased 2.32% due to a property tax levy increase of 2.34%.
- General revenues increased by \$211,240 primarily due to a recognized loss on a bond refunding in 2015, which will yield savings in reduced interest over the next 12 years.

Program expenses increased \$1,130,129 or 8.4% over year 2015.

- City employees received a wage increase of 2%.
- General government expenses increased by 6.6% due to the payment of two court settlements involving a labor dispute and a tax challenge.
- Public safety expenses increased 13.6% primarily due to the changes in recording the GASB 68 pensions expenses.
- The remaining program expenditure variances were not contributed to any one major factor but spread out among the various accounts.

Business-Type Activities: The net position of business-type activities (Water Fund and Sewer Fund) increased by \$242,527 in fiscal year 2016.

Revenues for business-type activities totaled approximately \$6.2 million, an increase of 1.0% from the prior year, while expenses totaled \$5.6 million, a decrease of 1.6% from the prior year. Significant variances are as follows:

- Water and Sewer rates remained the same for 2016 and the revenues were relatively flat. The modest increase from the prior year was primarily a result of recognized loss on a bond refunding in 2015, which will yield savings in reduced interest in future years.
- The decrease in expenditures was primarily driven by a decrease in depreciation expense in both funds due to assets being fully depreciated and savings in interest expense due to a bond refunding in 2015. This was offset by an increase in pension costs.

FINANCIAL ANALYSIS OF CITY FUNDS

Governmental Funds

At the end of the current year, the City reported a combined fund balance of \$6.4 million, a decrease of \$995,669 from the prior year. A summary of the change in fund balance for all funds is as follows:

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

	<u>2016</u>	<u>2015</u>
Nonspendable for inventory	\$ 11,975	\$ 11,150
Nonspendable for prepaid expenses	275,122	292,106
Restricted for insurance	35,851	176,539
Restricted for capital	1,137,248	769,623
Restricted for general reserve	2,199	2,199
Assigned for encumbrances	3,200	16,992
Assigned for Kershaw Park	44,574	53,692
Assigned - designated for subsequent year's expenditures	203,773	176,344
Unassigned	<u>3,566,826</u>	<u>3,533,553</u>
Total Fund Balance - General Fund	<u>\$ 5,280,768</u>	<u>\$ 5,032,198</u>
 <u>Capital Projects Fund -</u>		
Restricted for capital expenditures	\$ 66,152	\$ 158,097
Assigned fund balance	-	969,294
Unassigned budget deficit	<u>(131,194)</u>	<u>-</u>
Total Fund Balance - Capital Projects Fund	<u>\$ (65,042)</u>	<u>\$ 1,127,391</u>
 <u>Community Development Fund -</u>		
Restricted for community block grant Funds	<u>\$ 363,988</u>	<u>\$ 394,896</u>
Total Fund Balance - Community Development Fund	<u>\$ 363,988</u>	<u>\$ 394,896</u>
 <u>Debt Service Fund -</u>		
Restricted for debt service	<u>\$ 395,833</u>	<u>\$ 403,244</u>
 <u>Nonmajor Governmental Funds -</u>		
Nonspendable for prepaid expenses	\$ 3,357	\$ 2,464
Restricted for the watershed program	51,580	20,195
Restricted for parks and open spaces	53,992	91,850
Restricted for cemetery fund	32,776	36,491
Assigned for technology	<u>313,521</u>	<u>317,713</u>
Total Fund Balance - Nonmajor Governmental Funds	<u>\$ 455,226</u>	<u>\$ 468,713</u>
Total Fund Balance - All	<u>\$ 6,430,773</u>	<u>\$ 7,426,442</u>

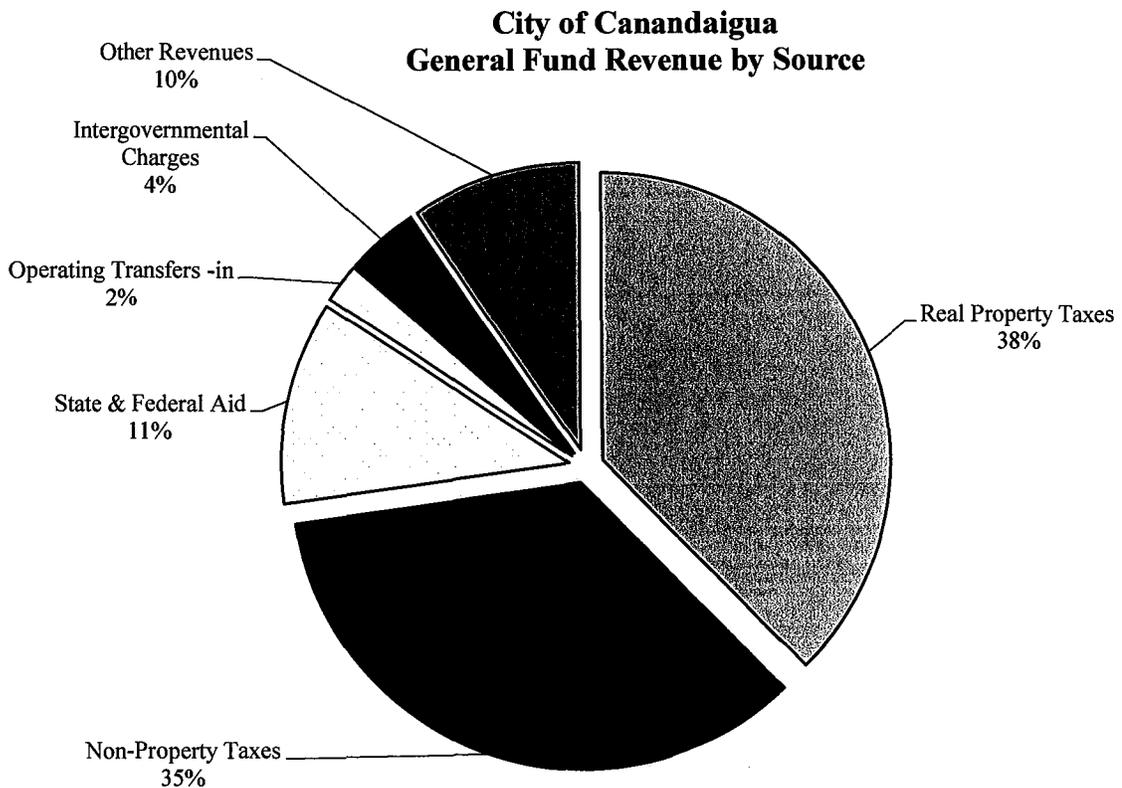
General Fund

The City's general fund is the largest "fund" of the City comprising 64% of the adopted 2016 City budget. Some of the services provided by the general fund are:

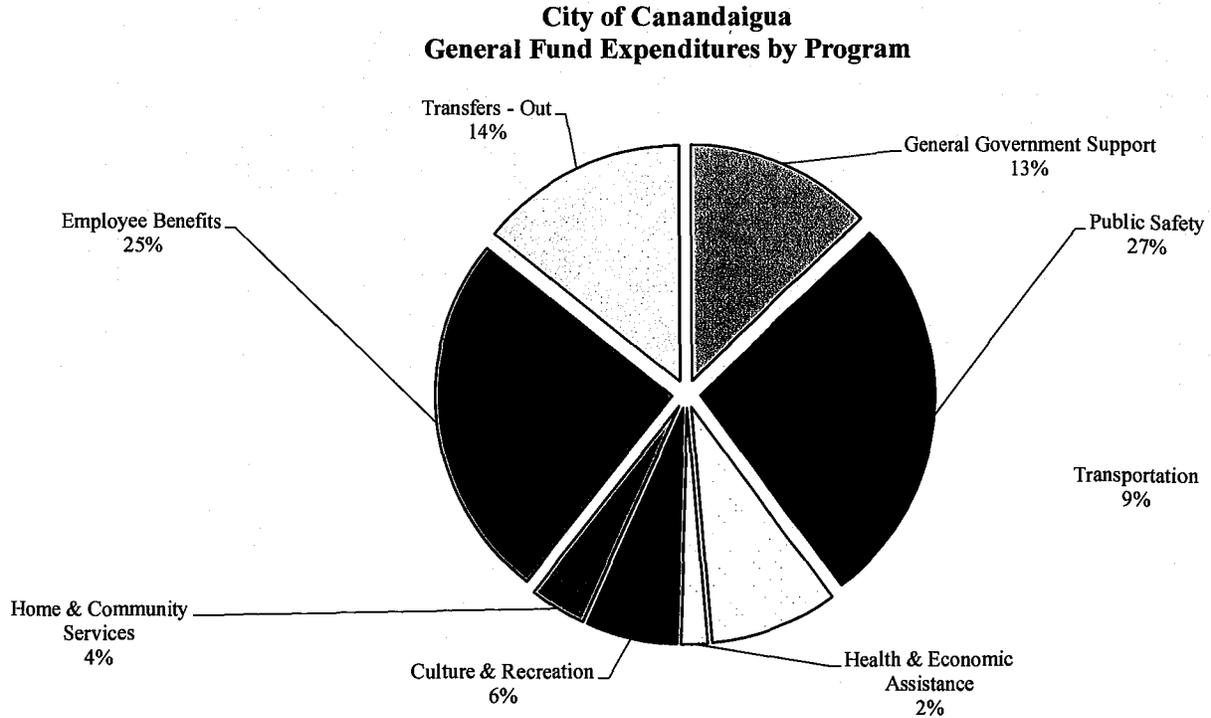
- Issuing and maintaining vital records (birth, death, and marriage certificates) and issuing various state and local licenses and permits;
- Providing public safety services, including police and fire protection and code enforcement;
- Building and maintaining roads and bridges, including snow and ice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

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

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



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



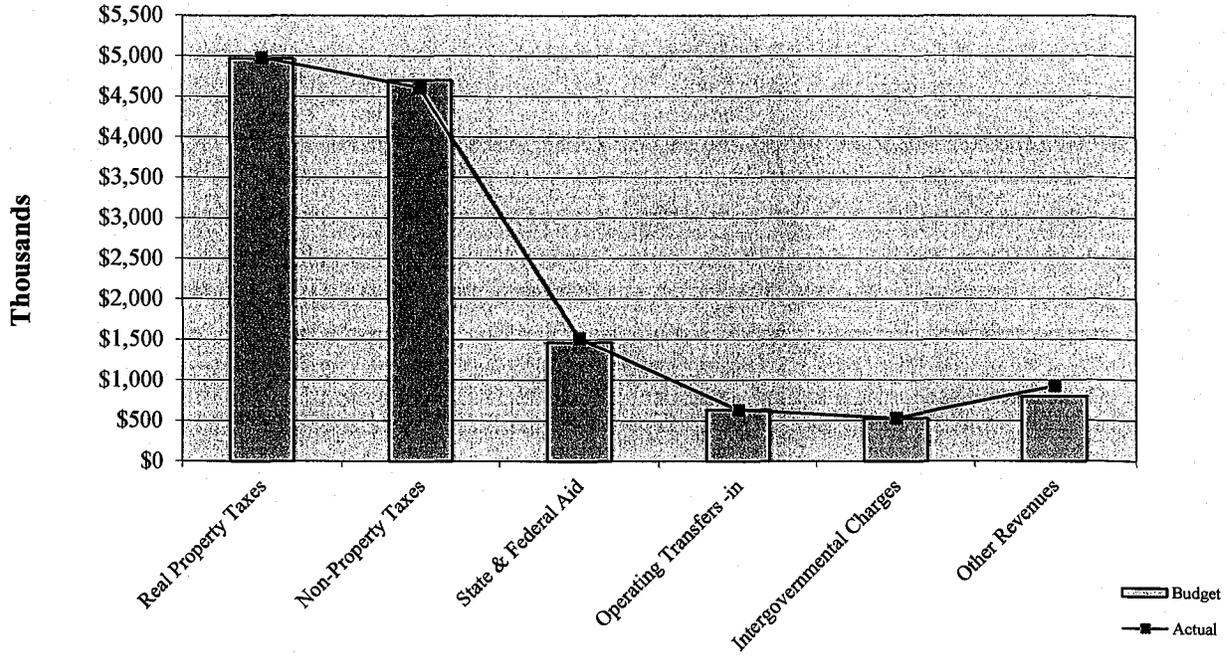
The amended general fund budget (only) in the amount of \$13.9 million anticipated the use of \$494,447 of fund balance. However, actual results of operations showed an overall increase to fund balance of \$32,896, which resulted in a net increase to fund balance (net of encumbrances) of \$527,343, comparing the actual results to the budget.

General Fund including reserves:	
General fund increase in operations:	\$ 32,896
General fund reserves decrease in operations:	<u>\$215,674</u>
Net increase in general fund	\$248,570

General fund revenue overall had a positive variance of \$61,921 as compared to budget, of which the general fund only had a negative variance on (\$6,270). The largest variances for the general fund were:

- Decrease in actual operational income compared it budget in the amount of (\$120,608). This was primarily driven by lower than expectations in sales tax and court fines.
- Recognition of one time deferred revenues for taxes and Code Enforcement - \$46,497
- Increase due to unanticipated one time revenue of \$82,396 primarily due to the use of CHIPS funds to offset expenditures in the general fund.

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

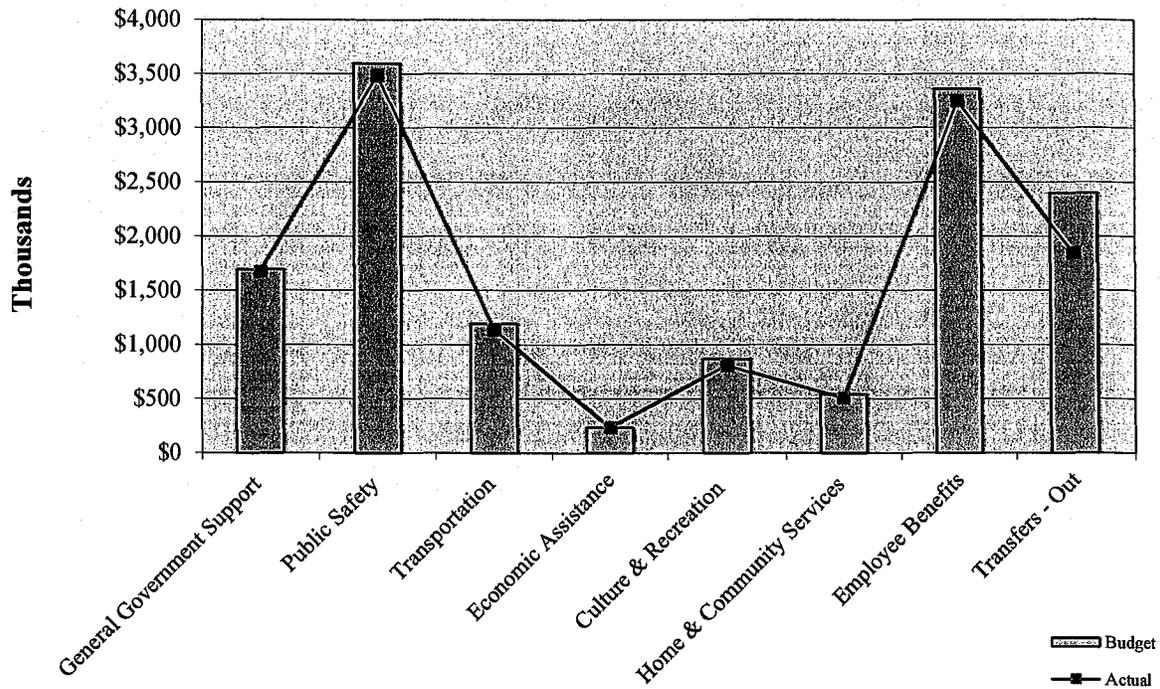


General fund expenditures reflected an overall positive variance of \$449,284 (net of encumbrances) as compared to the budget. The general fund only had a positive variance of \$511,205. The largest variances were:

- Positive operational variances in all departments totaled \$272,221 which represents 2.0% of the overall general fund budget. This was primarily due to lower than expected gas prices in the amount of \$78,628; contractual budgeted saving including repairs and maintenance, professional fees in the amount of \$102,287; less than anticipated seasonal hours, overtime and benefits in the amount of \$54,930.
- Unused budget contingency in the amount of \$60,618.
- Positive variances in personnel and benefits in the amount of \$183,249 due to retirements and terminations.

General fund transfers reflected an overall positive variance of \$573,667 and reflect transfers from the capital reserve fund to the capital fund transfers to the Debt Service Fund for debt payment.

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



Proprietary Funds

The other two major “funds” of the City are the water fund and the sewer fund, which comprised 17% and 16% of the 2016 adopted City budget, respectively. The services provided by these enterprise funds are:

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

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

At the end of the current fiscal year, the City reported total net position for its enterprise funds of \$16.8 million, an increase of \$242,527 in comparison with the prior year. Of the total net position, \$9.5 million is recorded as an investment in capital assets net of related debt, \$4.4 million is restricted for capital projects, debt service, and repairs, and the remaining \$2.9 million is unrestricted.

Water Fund - This fund finished the current fiscal year with an increase in net position of \$134,058. The unrestricted fund balance is \$1.4 million, with an amount reserved for capital expenditures, debt service, and repairs of \$1.2.

Sewer Fund - This fund finished the current fiscal year with an increase in net position of \$108,469. The unrestricted fund balance is \$1.5 million, with an amount reserved for capital expenditures, debt service, and repairs of \$3.2 million.

GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2016, the City has \$59.3 million (after depreciation is deducted) in a broad range of capital assets including land, buildings, and machinery and equipment and construction in progress. The change in the City's net assets between 2015 and 2016 is reflected below:

Capital Assets, Net of Depreciation

	December 31, 2016			December 31, 2015		
	Governmental activities	Business-type activities	Total government	Governmental activities	Business-type activities	Total government
Land and land improvements	\$ 10,686,362	\$ 164,072	\$ 10,850,434	\$ 10,929,742	\$ 164,072	\$ 11,093,814
Buildings and improvements	3,086,371	15,129,197	18,215,568	3,296,740	16,190,053	19,486,793
Machinery and equipment	3,347,523	1,566,279	4,913,802	3,229,158	1,714,502	4,943,660
Infrastructure	20,275,881	4,726,376	25,002,257	19,692,484	3,610,371	23,302,855
Construction in progress	301,128	26,409	327,537	956,830	667,751	1,624,581
Total Capital Assets	\$ 37,697,265	\$ 21,612,333	\$ 59,309,598	\$ 38,104,954	\$ 22,346,749	\$ 60,451,703

Government-Wide Capital Assets - The net decrease in capital assets during the current year amounted to \$407,689 and included the following:

- The work in progress for uncompleted projects increased \$954,532 while \$1,610,233 for street reconstruction was capitalized.
- The reconstruction of streets, sidewalks, and parking lots – \$257,674
- The purchase of vehicles and equipment - \$772,923
- Depreciation expense of \$2,371,683 was charged against the assets.

Business-Type Activities Capital Assets - The net decrease in capital assets during the current year amounted to \$734,416 and included the following:

- The work in progress for uncompleted projects increased \$634,186 while \$1,275,529 for street reconstruction was capitalized.
- The purchase of vehicles and equipment (net of deletions) - \$100,602
- Depreciation expense of \$1,469,206 was charged against the assets.

LONG-TERM DEBT

At December 31, 2016, the City had \$23.1 million in general obligation and other long-term debt outstanding as follows:

	December 31, 2016			December 31, 2015		
	Governmental activities	Business-type activities	Total government	Governmental activities	Business-type activities	Total government
Serial bonds	\$ 4,528,050	\$ 12,086,950	\$ 16,615,000	\$ 5,685,850	\$ 12,989,150	\$ 18,675,000
Compensated absences	661,632	163,261	824,893	648,476	154,324	802,800
HUD 108 - Serial bond	605,000	-	605,000	775,000	-	775,000
Other postemployment benefits	284,488	113,232	397,720	234,010	80,445	314,455
Net pension liability	3,996,005	650,341	4,646,346	485,590	131,358	616,948
Total Long Term Debt	\$ 10,075,175	\$ 13,013,784	\$ 23,088,959	\$ 7,828,926	\$ 13,355,277	\$ 21,184,203

Principal payments on serial bonds totaled \$2,230,000 for the year ending December 31, 2016.

The City is subject to a constitutional debt limit pursuant to Article VIII of the State Constitution and Title 9 Article 2 of the Local Finance Law. This debt limit is equal to 7% of the latest five-year average of the full valuation of all taxable real property within the City. The water fund debt is constitutionally excluded from the debt limit, and the sewer fund debt prior to 2016 is excluded from the debt limit pursuant to Section 124.10 of the Local Finance Law. At December 31, 2016, the City exhausted 10.3% of its constitutional debt capacity and had the authority to issue up to an additional \$41.8 million of general obligation long-term debt.

CREDIT RATING

The City was issued an AA- credit rating by Standard & Poor's in 2016.

FUTURE FINANCIAL IMPLICATIONS

The 2017 budget for the City of Canandaigua for general, capital, debt service, water, sewer and special revenue funds totaled \$21.8 million, (net of interfund transfers)

General Fund:

The general fund showed a modest increase for 2017 of 1.2% over the 2016 budget. Employee wages and benefits, which represent 67% of the budget, increased 1.6% over the prior year, while the remaining expenditures increased .4%. Increases for full and part time employees were budgeted at 1%, pending final negotiations with the City's four unions. Seasonal labor rates have been adjusted to reflect the new minimum wage laws. Medical and dental insurance increased by 5.2% over 2016. Retirement costs have begun to level off as the stock market improves and new hires are covered by the new retirement Tiers V and VI. The average retirement contribution range for PFRS is 24.5% to 17.5% and 15.8% to 9.2% for ERS. The City continues with the on-going challenge of funding the costs for retiree benefits. We budgeted for an increase in this area due to the number of employees eligible to retire in the 2016 budget and continued the same level of funding in the 2017 budget. Contingency was increased from \$100,000 to \$207,900 due to the uncertainty of pending union negotiations.

The budgeted growth in revenues for 2017 is 1.15%. Our biggest challenge has been to provide the same level of service to our residents while we continue to see significant pressures on our revenue streams. Due to the stagnate growth of revenue, City Council chose to override the tax cap put into effect by New York State. The tax levy limit available for 2017 resulted in a 2.06% increase in the property tax levy. The 2017 budget calls for a 4.21% increase in the levy, 2.15% higher than the tax cap calculation. Property tax rates increased to \$7.039 per thousand which represents a 1.31% increase in the tax rate. Other revenue items were adjusted to reflect historical trends and economic predictions.

Although we have maintain our financial health despite adverse changes in the economic climate, the 2017 budget projects an appropriation from fund balance of \$490,870. We continue to review all of our service levels with City Council to determine what changes we can make to maintain a balanced budget. Initiatives that will have a future benefit in our budget are as follows:

- The City of Canandaigua's solar array went on line in January of 2017. This should result in a positive cash flow for the City as long as the energy purchased by the solar array is sold to the energy company at a higher rate. The term of the agreement is 25 years.
- We are in the process of purchasing and converting our street lights to LED. It is estimated that the capital costs would be covered by electric savings for 10 years and the City would see significant savings in year 11.
- We have planned a change in to phone system to VOIP. It is estimated that this could save up to \$1,000 a month in expenditures.

Capital and Debt:

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

Business-type Activities

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

The water rate for residents increased 5% in 2017 and \$203,028 was appropriated from fund balance. The town water rate, which is based on the prior year actual expenditures and water consumption, saw a slight reduction of .5%. The sewer rate for residents also did not increase for 2017 and \$40,934 was appropriated from fund balance. Both funds have a healthy fund balance and we will be reviewing our rate structure for both the water and sewer funds in 2017.

REQUESTS FOR INFORMATION

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

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

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2016

	Governmental	Business-Type	
ASSETS	Activities	Activities	Total
Cash and cash equivalents	\$ 5,658,972	\$ 6,321,223	\$ 11,980,195
Accounts receivable, net	1,760,750	1,473,057	3,233,807
State and federal aid receivable	296,260	325	296,585
Prepaid items	290,454	79,455	369,909
Capital assets:			
Land and work in progress	4,747,530	190,481	4,938,011
Other capital assets, net of depreciation	32,949,735	21,421,852	54,371,587
TOTAL ASSETS	\$ 45,703,701	\$ 29,486,393	\$ 75,190,094
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	\$ 4,642,726	\$ 750,945	\$ 5,393,671
 LIABILITIES			
Accounts payable and other current liabilities	\$ 525,775	\$ 240,712	\$ 766,487
Accrued liabilities	228,228	69,834	298,062
Noncurrent liabilities:			
Due in one year	987,208	934,015	1,921,223
Due in more than one year	9,087,967	12,079,769	21,167,736
TOTAL LIABILITIES	\$ 10,829,178	\$ 13,324,330	\$ 24,153,508
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 702,387	\$ 79,469	\$ 781,856
 NET POSITION			
Net investment in capital assets	\$ 32,489,173	\$ 9,525,383	\$ 42,014,556
Restricted for:			
Capital reserves	1,137,248	4,286,447	5,423,695
Reserve for Debt	-	93,815	93,815
Restricted other purposes	1,196,720	-	1,196,720
Unrestricted	3,991,721	2,927,894	6,919,615
TOTAL NET POSITION	\$ 38,814,862	\$ 16,833,539	\$ 55,648,401

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government support	\$ 2,588,961	\$ 403,893	\$ 16,946	\$ 8,000	\$ (2,160,122)	\$ -	\$ (2,160,122)
Public safety	6,183,347	841,235	3,801	10,000	(5,328,311)	-	(5,328,311)
Transportation	3,079,954	20,046	128,318	279,116	(2,652,474)	-	(2,652,474)
Economic assistance and development	243,435	-	-	-	(243,435)	-	(243,435)
Culture and recreation	1,366,186	269,683	-	-	(1,096,503)	-	(1,096,503)
Home and community services	1,031,466	231,693	69,040	-	(730,733)	-	(730,733)
Interest on long-term debt	134,351	-	-	-	(134,351)	-	(134,351)
Total Governmental Activities	\$ 14,627,700	\$ 1,766,550	\$ 218,105	\$ 297,116	\$ (12,345,929)	\$ -	\$ (12,345,929)
Business-Type Activities:							
Water fund	\$ 2,852,150	\$ 3,256,668	\$ -	\$ -	\$ -	\$ 404,518	\$ 404,518
Sewer fund	2,795,008	2,554,589	-	339,526	-	99,107	99,107
Total Business-Type Activities	\$ 5,647,158	\$ 5,811,257	\$ -	\$ 339,526	\$ -	\$ 503,625	\$ 503,625
Total Primary Government	\$ 20,274,858	\$ 7,577,807	\$ 218,105	\$ 636,642	\$ (12,345,929)	\$ 503,625	\$ (11,842,304)
General Revenues:							
Taxes:							
Property taxes					\$ 4,952,372	\$ -	\$ 4,952,372
Non-property taxes					4,610,781	-	4,610,781
Mortgage tax					185,094	-	185,094
Unallocated state and federal aid					1,119,304	-	1,119,304
Compensation for loss					106,954	-	106,954
Investment earnings					183,073	21,134	204,207
Miscellaneous					28,565	7,768	36,333
Total General Revenues					\$ 11,186,143	\$ 28,902	\$ 11,215,045
Transfers:							
Transfers					\$ 290,000	\$ (290,000)	\$ -
Total General Revenues and Transfers					\$ 11,476,143	\$ (261,098)	\$ 11,215,045
Change in Net Position					\$ (869,786)	\$ 242,527	\$ (627,259)
Net Position - Beginning					39,684,648	16,591,012	56,275,660
Net Position - Ending					\$ 38,814,862	\$ 16,833,539	\$ 55,648,401

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK

**Balance Sheet
Governmental Funds
December 31, 2016**

	Major			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 4,396,225	\$ (25,634)	\$ 1,288,381	\$ 5,658,972
Receivables, net	286,299	10,000	219,627	515,926
Due from other governments, net	639,824	-	-	639,824
State and federal aid receivable	137,591	158,669	-	296,260
Prepaid items	287,097	-	3,357	290,454
Total Assets	<u>\$ 5,747,036</u>	<u>\$ 143,035</u>	<u>\$ 1,511,365</u>	<u>\$ 7,401,436</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and other current liabilities	\$ 183,171	\$ 208,077	\$ 16,350	\$ 407,598
Accrued liabilities	215,304	-	3,942	219,246
Due to other governments	36,500	-	-	36,500
Overpayments and collections in advance	-	-	81,677	81,677
Total Liabilities	<u>\$ 434,975</u>	<u>\$ 208,077</u>	<u>\$ 101,969</u>	<u>\$ 745,021</u>
Deferred Inflows of Resources:				
Deferred inflows of resources	\$ 31,293	\$ -	\$ 194,349	\$ 225,642
Fund Balances:				
Nonspendable	\$ 287,097	\$ -	\$ 3,357	\$ 290,454
Restricted	1,175,298	66,152	898,169	2,139,619
Assigned	251,547	-	313,521	565,068
Unassigned	3,566,826	(131,194)	-	3,435,632
Total Fund Balances	<u>\$ 5,280,768</u>	<u>\$ (65,042)</u>	<u>\$ 1,215,047</u>	<u>\$ 6,430,773</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,747,036</u>	<u>\$ 143,035</u>	<u>\$ 1,511,365</u>	

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.	37,697,265
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(8,982)
Long-term receivable for HUD 108 program	605,000
Accounts receivable HUD loans	194,349
Deferred tax recognition	16,343
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	(4,528,050)
HUD 108 loan payable	(605,000)
Deferred inflows - pension	(687,437)
Deferred outflows - pension	4,642,726
Pension liability	(3,996,005)
OPEB liability	(284,488)
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.	(661,632)
Net Position of Governmental Activities	<u>\$ 38,814,862</u>

CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	Major			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues:				
Real property and tax items	\$ 4,979,613	\$ -	\$ -	\$ 4,979,613
Non-property taxes	4,610,781	-	-	4,610,781
Departmental income	494,118	-	10,000	504,118
Intergovernmental charges	530,449	-	134,000	664,449
Use of money and property	22,996	810	159,267	183,073
Licenses and permits	97,991	-	-	97,991
Fines and forfeitures	187,711	-	-	187,711
Sale of property and compensation for loss	106,954	-	-	106,954
Miscellaneous	15,528	18,000	183,037	216,565
Interfund revenues	342,293	-	-	342,293
State and county aid	1,515,291	217,288	67,087	1,799,666
Federal aid	-	-	13,518	13,518
Total Revenues	\$ 12,903,725	\$ 236,098	\$ 566,909	\$ 13,706,732
Expenditures:				
Current:				
General government support	\$ 1,672,482	\$ 196,173	\$ 163,572	\$ 2,032,227
Public safety	3,486,225	203,845	-	3,690,070
Transportation	1,143,108	1,311,306	-	2,454,414
Economic assistance and development	232,457	-	-	232,457
Culture and recreation	807,232	101,102	-	908,334
Home and community services	506,671	238,134	172,680	917,485
Employee benefits	3,252,644	-	40,710	3,293,354
Debt Service:				
Debt service - principal	-	-	1,327,800	1,327,800
Debt service - interest and other charges	-	-	136,260	136,260
Total Expenditures	\$ 11,100,819	\$ 2,050,560	\$ 1,841,022	\$ 14,992,401
Excess (deficiency) of revenue over expenditures	\$ 1,802,906	\$ (1,814,462)	\$ (1,274,113)	\$ (1,285,669)
Other Financing Sources and Uses:				
Transfers - in	\$ 290,000	\$ 646,085	\$ 1,274,056	\$ 2,210,141
Transfers - out	(1,844,336)	(24,056)	(51,749)	(1,920,141)
Total Other Financing Sources and Uses	\$ (1,554,336)	\$ 622,029	\$ 1,222,307	\$ 290,000
Net change in fund balances	\$ 248,570	\$ (1,192,433)	\$ (51,806)	\$ (995,669)
Fund Balance - Beginning	5,032,198	1,127,391	1,266,853	7,426,442
Fund Balance - Ending	\$ 5,280,768	\$ (65,042)	\$ 1,215,047	\$ 6,430,773

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (995,669)

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	\$ 954,532	
Addition of assets	1,035,429	
Depreciation	(2,371,682)	
Gain/(Loss) on sale of assets	<u>(25,968)</u>	
		(407,689)

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	\$ 1,327,800	
Receipts for Section 108 HUD bond	<u>(170,000)</u>	
		1,157,800

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. (11,565)

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds. (57,253)

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. (50,478)

(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		(493,685)
------------------------------	--	-----------

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. (13,156)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,909

Change in Net Position of Governmental Activities \$ (869,786)

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, 2016

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 4,178,470	\$ 2,142,753	\$ 6,321,223
Accounts receivable, net	426,977	794,495	1,221,472
Due from other governments	251,585	-	251,585
State and federal aid receivable	325	-	325
Prepaid items	33,689	45,766	79,455
Capital assets:			
Land and work in progress	123,336	67,145	190,481
Other capital assets, net of depreciation	12,722,297	8,699,555	21,421,852
TOTAL ASSETS	\$ 17,736,679	\$ 11,749,714	\$ 29,486,393
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	\$ 319,317	\$ 431,628	\$ 750,945
LIABILITIES			
Accounts payable and other current liabilities	\$ 129,924	\$ 110,788	\$ 240,712
Accrued liabilities	17,166	52,668	69,834
Noncurrent liabilities:			
Due in one year	537,439	396,576	934,015
Due in more than one year	6,743,528	5,336,241	12,079,769
TOTAL LIABILITIES	\$ 7,428,057	\$ 5,896,273	\$ 13,324,330
DEFERRED INFLOWS OF RESOURCES			
Deferred outflow of resources	\$ 33,792	\$ 45,677	\$ 79,469
NET POSITION			
Net investment in capital assets	\$ 5,906,483	\$ 3,618,900	9,525,383
Restricted for:			
Debt service	64,926	28,889	93,815
Capital reserve	3,104,456	1,181,991	4,286,447
Unrestricted	1,518,282	1,409,612	2,927,894
TOTAL NET POSITION	\$ 10,594,147	\$ 6,239,392	\$ 16,833,539

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, 2016

	<u>Business-Type Activities</u>		Total Business-Type Activities
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>Operating Revenues:</u>			
Charges for services	\$ 2,553,359	\$ 3,242,598	\$ 5,795,957
Other operating revenue	1,230	14,070	15,300
TOTAL OPERATING REVENUE	\$ 2,554,589	\$ 3,256,668	\$ 5,811,257
<u>Operating Expenses:</u>			
Salaries	\$ 531,957	\$ 715,538	\$ 1,247,495
Benefits	338,311	473,947	812,258
Purchased services	646,113	792,000	1,438,113
Depreciation	1,006,972	462,234	1,469,206
Other expenses	117,478	217,618	335,096
TOTAL OPERATING EXPENSE	\$ 2,640,831	\$ 2,661,337	\$ 5,302,168
OPERATING INCOME OR (LOSS)	\$ (86,242)	\$ 595,331	\$ 509,089
<u>Nonoperating Revenue (Expense):</u>			
County capital contribution	\$ 339,526	\$ -	\$ 339,526
Interest	7,215	4,319	11,534
Insurance recoveries	882	-	882
Sale of equipment	495	-	495
Miscellaneous	770	15,221	15,991
Debt service interest	(154,177)	(190,813)	(344,990)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ 194,711	\$ (171,273)	\$ 23,438
Income (Loss) Before Operating Transfers	\$ 108,469	\$ 424,058	\$ 532,527
Transfers out (to governmental funds)	-	(290,000)	(290,000)
CHANGE IN NET POSITION	\$ 108,469	\$ 134,058	\$ 242,527
TOTAL NET POSITION, BEGINNING	10,485,678	6,105,334	16,591,012
TOTAL NET POSITION, ENDING	\$ 10,594,147	\$ 6,239,392	\$ 16,833,539

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, 2016

	Business-Type Activities		Total Business-Type Activities
	Sewer Fund	Water Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 2,556,375	\$ 3,308,546	\$ 5,864,921
Cash payments to suppliers for goods and services	(706,187)	(955,699)	(1,661,886)
Cash payments for payroll and benefits	(844,814)	(1,137,000)	(1,981,814)
Miscellaneous cash received	1,230	14,070	15,300
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,006,604	\$ 1,229,917	\$ 2,236,521
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
County capital contribution	\$ 339,526	\$ -	\$ 339,526
Interest expense	(154,693)	(191,434)	(346,127)
(Purchase) or sale of property and equipment	(304,942)	(429,848)	(734,790)
Principal payments on bonds	(521,700)	(380,500)	(902,200)
Interfund transfer	-	(290,000)	(290,000)
Other receipts	2,147	15,221	17,368
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (639,662)	\$ (1,276,561)	\$ (1,916,223)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 7,215	\$ 4,319	\$ 11,534
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 7,215	\$ 4,319	\$ 11,534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 374,157	\$ (42,325)	\$ 331,832
CASH AND CASH EQUIVALENTS - BEGINNING	3,804,313	2,185,078	5,989,391
CASH AND CASH EQUIVALENTS - ENDING	\$ 4,178,470	\$ 2,142,753	\$ 6,321,223
OPERATING INCOME (LOSS)	\$ (86,242)	\$ 595,331	\$ 509,089
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 1,006,972	\$ 462,234	\$ 1,469,206
(Increase) decrease in accounts receivable	3,016	65,948	68,964
(Increase) decrease in prepaid items	3,136	(7,789)	(4,653)
(Increase) decrease in deferred outflow related to pension	(235,630)	(319,635)	(555,265)
Increase (decrease) in accounts payable and accrued liabilities	60,878	89,850	150,728
Increase (decrease) in deferred inflow related to pension	33,792	45,677	79,469
Increase (decrease) in net pension liability	220,682	298,301	518,983
TOTAL ADJUSTMENTS	\$ 1,092,846	\$ 634,586	\$ 1,727,432
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,006,604	\$ 1,229,917	\$ 2,236,521

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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 89,000
TOTAL ASSETS	<u>\$ 89,000</u>
LIABILITIES	
Accounts payable	\$ 1,235
PUD application fees	39,402
Tax sale surplus	27,473
Voluntary defined contribution plan	10,741
HRA (105) plan	2,587
Other liabilities	<u>7,562</u>
TOTAL LIABILITIES	<u>\$ 89,000</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, 2016

I. Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

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

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

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

1. Government-Wide Statements

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

(I.) (Continued)

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

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

2. Fund Financial Statements

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

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

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

1. Major Governmental Funds

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

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

2. **Non-Major Governmental Funds**

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

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 non-major special revenue funds utilized by the City:

Watershed Program	Technology
Parks & Open Spaces	Cemetery
Community Development	

b. **Proprietary Funds**

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

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

c. **Fiduciary Funds**

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

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

3. **Basis of Accounting**

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

a. **Modified Accrual**

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

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

b. **Accrual**

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

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

(I.) (Continued)

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

1. **Cash and Investments**

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

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

Investments are stated at cost, which approximates market value.

2. **Receivables**

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

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

3. **Prepaid Items**

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

4. **Capital Assets**

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

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

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

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

5. Unearned Revenue/Overpayments

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

6. Deferred Outflows and Inflows of Resources

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

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

7. Accrued Liabilities and Long-Term Obligations

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

(I.) (Continued)

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

a. **Compensatory Absences**

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

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

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

b. **Postemployment Benefits**

In addition to providing pension benefits, the City provides certain health care benefits to retired employees. Retired employees with at least 15 years of service are allowed to participate in the City's group medical insurance plan until they reach the age of 65. Retired employees reaching age 65 may continue participation in the plan but must reimburse the City for the premium. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums which totaled \$519,446 for 35 retirees and/or their surviving spouses for the year ended December 31, 2016.

8. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, City-wide capital improvement project and nonmajor funds.

9. **Equity Classifications**

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

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

(I.) (Continued)

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

b. **Financial Statements –Fund Balance**

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

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

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

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

(I.) (Continued)

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

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

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

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

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

D. Revenues, Expenditures/Expenses

1. **Revenues**

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

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

(I.) (Continued)

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

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

2. **Government-Wide Financial Statements**

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

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

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

F. **Use of Estimates**

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

G. **New Accounting Standards**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2016, the City implemented the following new standards issued by GASB:

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

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

The GASB has issued Statement No. 77, *Tax Abatement Disclosures*, which will be effective for the year ended December 31, 2016.

(I.) (Continued)

H. Future Changes in Accounting Standards

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

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

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

The GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, which will be effective for the year ended December 31, 2017.

The GASB has issued Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73*, which will be effective for the year ended December 31, 2017.

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ended December 31, 2019.

The GASB has issued Statement No. 84, *Fiduciary Activities*, which will be effective for the year ended December 31, 2018.

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

II. Stewardship, Compliance and Accountability:

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

A. Budgetary Data

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

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

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

(II.) (Continued)

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**

Some of the capital projects had deficit fund balances totaling \$131,194 at December 31, 2016, which is the result of the City not obtaining permanent financing for the projects before year end. The City borrowed funds from other funds in order to facilitate the cash flow for these purchases, and the permanent financing will occur at a later date. This results in the creation of a fund deficit which will remain until permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations) is obtained.

III. **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.

(III.) (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 within Trust department or agent		10,135,936
Total	\$	10,135,936

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 \$2,139,619 within the governmental funds, \$4,380,262 in the proprietary funds, and \$89,000 in the fiduciary funds.

B. Receivables

Receivables at December 31, 2016 for individual major and non-major funds consisted of the following, which are stated at net realizable value. City management has deemed the amounts to be fully collectible:

Description	Governmental Funds					Business Type Activities		
	General Fund	Capital Fund	Community Development	Technology Fund	Total	Sewer Fund	Water Fund	Total
Governmental Activities:								
Receivables -								
Taxes Receivable	\$ 108,988	\$ -	\$ -	\$ -	\$ 108,988	\$ -	\$ -	\$ -
Rents Receivable	-	-	-	-	-	456,214	794,495	1,250,709
Accounts Receivable	196,931	10,000	194,349	25,278	426,558	-	-	-
Allowance for Uncollectables	(19,620)	-	-	-	(19,620)	(29,237)	-	(29,237)
Total Receivables, Net	\$ 286,299	\$ 10,000	\$ 194,349	\$ 25,278	\$ 515,926	\$ 426,977	\$ 794,495	\$ 1,221,472
State and Federal -								
Due from State and Federal	\$ 137,591	\$ 158,669	\$ -	\$ -	\$ 296,260	\$ 325	\$ -	\$ 325
Total State and Federal	\$ 137,591	\$ 158,669	\$ -	\$ -	\$ 296,260	\$ 325	\$ -	\$ 325
Other Governments -								
Due from Other Governments	\$ 639,824	\$ -	\$ -	\$ -	\$ 639,824	\$ 251,585	\$ -	\$ 251,585
Long Term Receivables:								
HUD 108 Loan Receivable	\$ -	\$ -	\$ 605,000	\$ -	\$ 605,000	\$ -	\$ -	\$ -
Total Receivables	\$ 1,063,714	\$ 168,669	\$ 799,349	\$ 25,278	\$ 2,057,010	\$ 678,887	\$ 794,495	\$ 1,473,382

(III.) (Continued)

C. 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 \$227,223. The City received payment in lieu of tax (PILOT) payment totaling \$84,970 to help offset the property tax reduction.

The County of Ontario IDA, also enters into sales tax abatement programs with companies for the purpose of Economic Development. As a result, the City Sales Tax revenue was reduced \$38,991.

The County of Ontario IDA, also enters into Mortgage tax abatement program with companies for the purpose of Economic Development. As a result, the City's Mortgage Tax revenue was reduced by \$4,000.

D. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2016 were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 290,000	\$ 1,844,336
Capital Fund	646,085	24,056
Debt Service Fund	1,274,056	-
Cemetery Fund	-	3,731
Parks & Open Spaces Fund	-	48,018
Business Type - Water Fund	-	290,000
Total	\$ 2,210,141	\$ 2,210,141

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

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

(III.) (Continued)

E. Changes In Capital Assets

1. Governmental Activities

A summary of governmental changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>01/01/16</u>	<u>Additions /</u> <u>Reclassifications</u>	<u>Deletions /</u> <u>Reclassifications</u>	<u>Balance</u> <u>12/31/16</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,441,569	\$ 4,833	\$ -	\$ 4,446,402
Work in progress	956,830	954,532	(1,610,234)	301,128
<i>Total capital assets not being depreciated</i>	<u>\$ 5,398,399</u>	<u>\$ 959,365</u>	<u>\$ (1,610,234)</u>	<u>\$ 4,747,530</u>
<u>Other capital assets:</u>				
Land Improvements	\$ 10,429,807	\$ 64,598	\$ -	\$ 10,494,405
Infrastructure	56,237,562	1,803,309	-	58,040,871
Buildings and improvements	9,065,631	-	-	9,065,631
Machinery and equipment	7,234,749	772,923	(459,223)	7,548,449
<i>Total other capital assets at historical cost</i>	<u>\$ 82,967,749</u>	<u>\$ 2,640,830</u>	<u>\$ (459,223)</u>	<u>\$ 85,149,356</u>
<u>Less accumulated depreciation for:</u>				
Land Improvements	\$ 3,941,634	\$ 312,811	\$ -	\$ 4,254,445
Infrastructure	36,545,078	1,219,912	-	37,764,990
Buildings and improvements	5,768,891	210,369	-	5,979,260
Machinery and equipment	4,005,591	628,590	(433,255)	4,200,926
<i>Total accumulated depreciation</i>	<u>\$ 50,261,194</u>	<u>\$ 2,371,682</u>	<u>\$ (433,255)</u>	<u>\$ 52,199,621</u>
<i>Other capital assets, net</i>	<u>\$ 32,706,555</u>	<u>\$ 269,148</u>	<u>\$ (25,968)</u>	<u>\$ 32,949,735</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 38,104,954</u>	<u>\$ 1,228,513</u>	<u>\$ (1,636,202)</u>	<u>\$ 37,697,265</u>

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 106,760
Public Safety	379,831
Transportation	1,568,217
Economic Opportunity	10,978
Culture and Recreation	203,424
Home and Community Services	102,472
Total	<u>\$ 2,371,682</u>

(III.) (Continued)

2. Business-Type Activities

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

<u>Type</u>	<u>Balance</u> <u>01/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 164,072	\$ -	\$ -	\$ 164,072
Work in progress	667,751	634,186	(1,275,528)	26,409
<i>Total capital assets not being depreciated</i>	<u>\$ 831,823</u>	<u>\$ 634,186</u>	<u>\$ (1,275,528)</u>	<u>\$ 190,481</u>
<u>Other capital assets:</u>				
Land Improvements	\$ 28,694	\$ -	\$ -	\$ 28,694
Infrastructure	20,053,574	1,275,529	-	21,329,103
Buildings and improvements	35,932,153	-	-	35,932,153
Machinery and equipment	4,048,036	100,602	(24,760)	4,123,878
<i>Total other capital assets at historical cost</i>	<u>\$ 60,062,457</u>	<u>\$ 1,376,131</u>	<u>\$ (24,760)</u>	<u>\$ 61,413,828</u>
<u>Less accumulated depreciation for:</u>				
Land Improvements	\$ 28,694	\$ -	\$ -	\$ 28,694
Infrastructure	16,443,203	159,524	-	16,602,727
Buildings and improvements	19,742,100	1,060,856	-	20,802,956
Machinery and equipment	2,333,534	248,825	(24,760)	2,557,599
<i>Total accumulated depreciation</i>	<u>\$ 38,547,531</u>	<u>\$ 1,469,205</u>	<u>\$ (24,760)</u>	<u>\$ 39,991,976</u>
<i>Other capital assets, net</i>	<u>\$ 21,514,926</u>	<u>\$ (93,074)</u>	<u>\$ -</u>	<u>\$ 21,421,852</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 22,346,749</u>	<u>\$ 541,112</u>	<u>\$ (1,275,528)</u>	<u>\$ 21,612,333</u>

Depreciation expense totaling \$1,469,205 was charged to home and community services.

F. Long-Term Debt

At December 31, 2016 the total outstanding obligations of the City aggregated \$23,088,959 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, 2016 is as follows:

Governmental Activities:	
Interest paid	\$ 136,260
Prior year accrued interest	(10,891)
Current year accrued interest	8,982
Interest expense - Governmental Activities	<u><u>\$ 134,351</u></u>
Business-Type Activities:	
Interest paid	\$ 344,990
Interest expense - Business-Type Activities	<u><u>\$ 344,990</u></u>

(III.) (Continued)

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.

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2016:

	<u>Balance</u> <u>01/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Classified As</u>	
					<u>Current</u>	<u>Non-Current</u>
Governmental Activities:						
Serial Bonds	\$ 5,685,850	\$ -	\$ 1,157,800	\$ 4,528,050	\$ 636,800	\$ 3,891,250
HUD 108 - Serial Bonds	775,000	-	170,000	605,000	185,000	420,000
Compensated Absences	648,476	13,156	-	661,632	165,408	496,224
OPEB	234,010	50,478	-	284,488	-	284,488
Net Pension Liability	485,590	3,510,415	-	3,996,005	-	3,996,005
Business-Type Activities:						
Serial Bonds	12,989,150	-	902,200	12,086,950	893,200	11,193,750
Compensated Absences	154,324	8,937	-	163,261	40,815	122,446
OPEB	80,445	32,787	-	113,232	-	113,232
Net Pension Liability	131,358	518,983	-	650,341	-	650,341
Total Obligations	<u>\$ 21,184,203</u>	<u>\$ 4,134,756</u>	<u>\$ 2,230,000</u>	<u>\$ 23,088,959</u>	<u>\$ 1,921,223</u>	<u>\$ 21,167,736</u>

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

(III.) (Continued)

5. Debt Maturity Schedule

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

<u>Purpose</u>	<u>Date</u>	<u>Interest</u>	<u>Amount Outstanding 12/31/16</u>	<u>Year of Final Maturity</u>
<u>Governmental Activities:</u>				
<u>General -</u>				
Serial Bonds	11/07	4.00% - 4.125%	\$ 200,500	12/17
Serial Bonds	11/08	3.50% - 4.30%	68,600	12/18
Serial Bonds	8/10	2.00% - 3.40%	100,000	12/19
Serial Bonds	12/12	1.25% - 2.125%	900,000	12/26
Serial Bonds	12/15	2.00% - 2.25%	1,460,000	12/25
Serial Bonds	11/15	3.01%	1,798,950	12/27
<u>Community Development -</u>				
HUD 108 - Serial Bonds	8/01	1.32% - 2.05%	605,000	8/19
<u>Business-Type Activities:</u>				
<u>Water -</u>				
Serial Bonds	11/07	4.00% - 4.625%	76,000	12/17
Serial Bonds	4/09	3.50% - 4.50%	1,785,000	12/28
Serial Bonds	8/10	2.00% - 3.40%	110,000	12/19
Serial Bonds	12/12	1.25% - 2.50%	275,000	12/31
Serial Bonds	12/15	2.00% - 2.25%	610,000	12/25
Serial Bonds	11/15	3.01%	2,291,800	12/46
<u>Sewer -</u>				
NYS EFC Bonds	7/13	0.721% - 4.50%	690,000	1/23
Serial Bonds	11/07	4.00% - 4.125%	23,500	12/17
Serial Bonds	11/08	3.50% - 4.30%	1,400	12/18
Serial Bonds	12/12	1.25% - 2.50%	5,125,000	12/31
Serial Bonds	12/15	2.00% - 2.25%	565,000	12/25
Serial Bonds	11/15	3.01%	534,250	12/27
Total			\$ 17,220,000	

6. The following table summarizes the City's future debt service requirements as of December 31, 2016:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2017	\$ 821,800	\$ 110,684	\$ 893,200	\$ 321,508
2018	856,300	95,387	893,700	296,432
2019	874,600	77,570	905,400	275,553
2020	612,750	59,476	872,250	255,207
2021	623,600	47,221	876,400	235,693
2022-26	1,300,000	106,186	3,875,000	879,776
2027-31	44,000	1,760	2,691,000	409,403
2032-36	-	-	360,000	177,962
2037-41	-	-	370,000	112,594
2042-46	-	-	350,000	42,000
Total	\$ 5,133,050	\$ 498,284	\$ 12,086,950	\$ 3,006,128

(III.) (Continued)

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. \$4,635,000 of bonds outstanding are considered defeased.

8. **Deferred Outflow of Resources**

The City has the following deferred outflow of resources:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Prepaid taxes (PILOT)	\$ 14,950	\$ -	\$ 14,950
Pension	687,437	79,469	766,906
Total	\$ 702,387	\$ 79,469	\$ 781,856

G. **Fund Balances/Net Position**

1. **Fund Balances**

a. **Nonspendable**

The City has the following nonspendable funds:

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

b. **Restricted**

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

1. **Governmental Funds**

a. **Insurance Reserve** – Established to provide for deductibles and uninsured claims. The balance at December 31, 2016 is \$35,851.

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, 2016 is \$1,137,248.

c. **General Reserve** – Represents amounts held in reserve by contributors for a specific purpose. The balance at December 31, 2016 is \$2,199.

d. **Debt Service Fund – Reserve For Debt** - In accordance with General Municipal Law, Section 6-1, the City has established a reserve to provide funding for the outstanding balance due on serial bonds and bond anticipation notes which were issued for various building and reconstruction projects. This reserve is recorded in the Debt Service Fund and may be reduced each year until the serial bonds and bond anticipation notes are paid in full. The balance at December 31, 2016 is \$395,833.

(III.) (Continued)

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

2. **Enterprise Funds**

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

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

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

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

c. **Assigned**

The City has the following assigned funds:

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

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

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

- Kershaw Park Reserve for \$44,574 (General Fund)
- Future technology purchases for \$313,521 (Technology Fund)

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

(III.) (Continued)

d. Unassigned

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

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

<u>FUND BALANCE:</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>Nonspendable -</u>					
Inventory	\$ 11,975	\$ -	\$ -	\$ -	\$ 11,975
Prepaid items	275,122	-	-	3,357	278,479
Total Nonspendable	\$ 287,097	\$ -	\$ -	\$ 3,357	\$ 290,454
<u>Restricted -</u>					
Capital reserves	\$ 1,137,248	\$ -	\$ -	\$ -	\$ 1,137,248
Insurance reserve	35,851	-	-	-	35,851
Debt reserve	-	-	395,833	-	395,833
Capital improvements	-	66,152	-	-	66,152
Special districts -					
Community Development Fund	-	-	-	363,988	363,988
Cemetery Fund	-	-	-	32,776	32,776
Parks and Open Spaces Fund	-	-	-	53,992	53,992
Canandaigua Lake					
Watershed Council	-	-	-	51,580	51,580
General reserve	2,199	-	-	-	2,199
Total Restricted	\$ 1,175,298	\$ 66,152	\$ 395,833	\$ 502,336	\$ 2,139,619
<u>Assigned -</u>					
Appropriated for taxes	\$ 203,773	\$ -	\$ -	\$ -	\$ 203,773
Kershaw Park Reserve	44,574	-	-	-	44,574
General government support	3,200	-	-	-	3,200
Technology Fund	-	-	-	313,521	313,521
Total Assigned	\$ 251,547	\$ -	\$ -	\$ 313,521	\$ 565,068
<u>Unassigned</u>	<u>\$ 3,566,826</u>	<u>\$ (131,194)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,435,632</u>
TOTAL FUND BALANCE	\$ 5,280,768	\$ (65,042)	\$ 395,833	\$ 819,214	\$ 6,430,773

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.

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

Total appropriated fund balance	\$ 490,870
Nonspendable fund balance	(287,097)
Appropriated for Taxes	\$ 203,773

(III.) (Continued)

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

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

	<u>Total</u>
Debt	\$ 395,833
Watershed	51,580
Parks & Open Spaces	53,992
Cemetery	32,776
Community Development	363,988
Insurance Reserve	35,851
Other	<u>262,700</u>
Total Net Position - Restricted for Other Purposes	<u><u>\$ 1,196,720</u></u>

IV. **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.

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.

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

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

Tier 3, 4, 5

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

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

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

Tier 6

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

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

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

(IV.) (Continued)

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.

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:

(IV.) (Continued)

Prepayment			
<u>Due Date</u>	<u>ERS</u>		<u>PFRS</u>
12/15/2016	\$ 538,374	\$	609,334
12/15/2015	\$ 607,902	\$	617,316
12/15/2014	\$ 693,834	\$	619,921

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, 2016, the City reported a liability of \$4,646,346 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, 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, 2016, the City's proportion was 0.0120560 percent for the ERS, and 0.0915745 percent for the PFRS.

For the year ended December 31, 2016 the City recognized pension expense of \$1,164,614. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 9,778	\$ 24,318	\$ 229,364	\$ 409,920
Changes of assumptions	516,012	1,168,843	-	-
Net difference between projected and actual earnings on pension plan investments	1,147,961	1,519,478	-	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	124,338	21,835	3,682	123,940
SubTotal	<u>\$ 1,798,089</u>	<u>\$ 2,734,474</u>	233,046	533,860
City's contributions subsequent to the measurement date	404,100	457,008	-	-
Grand Total	<u>\$ 2,202,189</u>	<u>\$ 3,191,482</u>	<u>\$ 233,046</u>	<u>\$ 533,860</u>

(IV.) (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	\$ 24,318	\$ 6,444	\$ 30,762	\$ 1,916	\$ 1,418	\$ 3,334	\$ 34,096
Changes of assumptions	1,168,843	340,052	1,508,895	101,138	74,822	175,960	1,684,855
Net difference between projected and actual earnings on pension plan investments	1,519,478	756,507	2,275,985	225,000	166,454	391,454	2,667,439
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	21,835	81,939	103,774	24,370	18,029	42,399	146,173
SubTotal	<u>\$ 2,734,474</u>	<u>\$ 1,184,942</u>	<u>\$ 3,919,416</u>	<u>\$ 352,424</u>	<u>\$ 260,723</u>	<u>\$ 613,147</u>	<u>\$ 4,532,563</u>
City's contributions subsequent to the measurement date	457,008	266,302	723,310	79,204	58,594	137,798	861,108
Grand Total	<u><u>\$ 3,191,482</u></u>	<u><u>\$ 1,451,244</u></u>	<u><u>\$ 4,642,726</u></u>	<u><u>\$ 431,628</u></u>	<u><u>\$ 319,317</u></u>	<u><u>\$ 750,945</u></u>	<u><u>\$ 5,393,671</u></u>

	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	\$ 409,920	\$ 151,151	\$ 561,071	\$ 44,955	\$ 33,258	\$ 78,213	\$ 639,284
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	123,940	2,426	126,366	722	534	1,256	127,622
Grand Total	<u><u>\$ 533,860</u></u>	<u><u>\$ 153,577</u></u>	<u><u>\$ 687,437</u></u>	<u><u>\$ 45,677</u></u>	<u><u>\$ 33,792</u></u>	<u><u>\$ 79,469</u></u>	<u><u>\$ 766,906</u></u>

(IV.) (Continued)

\$861,108 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 922,200
2018	922,200
2019	922,200
2020	860,987
Thereafter	904,976
Total	\$ 4,532,563

1. Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation of April 1, 2015, with updated procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.50%	2.50%
Salary increases	3.80%	4.50%
Investment rate of return (net of investment expense, including inflation)	7.00%	7.00%

Annuitant mortality rates are based on April 1, 2010-March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2016.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

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

(IV.) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

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

2. Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0%) or 1-percentagepoint higher (8.0%) than the current rate :

	<u>1% Decrease (6%)</u>	<u>Current Assumption (7%)</u>	<u>1% Increase (8%)</u>
Employer's proportionate share of the net pension liability	\$ (10,419,361)	\$ (4,646,346)	\$ 209,060

(IV.) (Continued)

4. Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of the March 31, 2016, were as follows:

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$(172,303,544)	\$(30,347,727)
Plan net position	156,253,265	27,386,940
Employers' net pension asset/(liability)	<u>\$ (16,050,279)</u>	<u>\$ (2,960,787)</u>
Ration of plan net position to the employers' total pension liability	90.70%	90.20%

V. Other Postemployment Benefits

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

The Government Accounting Standard Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions" which requires the accrual of these liabilities. The City has implemented this statement as of January 1, 2009. The cost to the City of providing health insurance benefits to retirees amounted to \$519,446 during the year ended December 31, 2016.

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

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

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

(V.) (Continued)

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

B. Annual OPEB Cost at December 31, 2016

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Annual required contribution (ARC)	\$ 570,483	\$ 494,104	\$ 76,379
Interest on OPEB obligation	6,636	4,795	1,841
Adjustment to ARC	(7,166)	(5,177)	(1,989)
OPEB Expense	\$ 569,953	\$ 493,722	\$ 76,231

C. Reconciliation of Net OPEB Obligation at December 31, 2016

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net OPEB obligation at beginning of year	\$ 314,455	\$ 234,010	\$ 80,445
OPEB expense	569,953	493,722	76,231
Net OPEB contributions made during the year	(522,259)	(443,244)	(79,015)
Excess business-type contributions	35,571	-	35,571
Net OPEB Obligation at the End of the Year	\$ 397,720	\$ 284,488	\$ 113,232
Percentage of expense contributed	91.63%	89.78%	103.65%

D. Number of Participants as of December 2016

	<u>City-Wide</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Active employees	94	74	20
Retired employees	35	30	5
Total Employees	129	104	25

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$8,344,920, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$8,344,920. The covered payroll (annual payroll of active employees covered by the plan) was \$6,983,187, and the ratio of the UAAL to the covered payroll was 119.50%.

(V.) (Continued)

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

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

VI. 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.

VII. 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, 2016 and 2015 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 \$35,851 at December 31, 2016.

(VII.) (Continued)

C. Workers' Compensation

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

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. During the year ended December 31, 2016, the City of Canandaigua, Ontario County, New York incurred premiums or contribution expenditures totaling \$196,616 which were collected through the County's tax levy.

VIII. Commitments and Contingencies

A. Litigation

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

B. Grants

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

IX. 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, 2017.

(IX.) (Continued)

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, 2017.

X. 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, 2016 totaled \$157,564 which is reported in the Technology Fund.

B. Muar House

The total rental income received for the year ended December 31, 2016 totaled \$12,100 which is reported in the General Fund.

C. West Lake Road

The total rental income received for the year ended December 31, 2016 totaled \$9,600 which is reported in the Water Fund.

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For the Year Ended December 31, 2016

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
December 31, 2011	\$ -	\$ 6,440,875	0.00%	\$ 6,440,875	\$ 5,470,667	117.73%
2012	\$ -	\$ 5,692,006	0.00%	\$ 5,692,006	\$ 5,050,414	112.70%
2013	\$ -	\$ 5,692,006	0.00%	\$ 5,692,006	\$ 5,050,414	112.70%
2014	\$ -	\$ 5,677,864	0.00%	\$ 5,677,864	\$ 6,560,614	86.54%
2015	\$ -	\$ 8,344,920	0.00%	\$ 8,344,920	\$ 5,431,623	153.64%
2016	\$ -	\$ 8,344,920	0.00%	\$ 8,344,920	\$ 6,983,187	119.50%

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, 2016

<u>NYSERS Pension Plan</u>		
	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0120560%	0.0122275%
Proportionate share of the net pension liability (assets)	\$ 1,935,021	\$ 413,076
Covered-employee payroll	\$ 3,577,704	\$ 3,650,025
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	54.086%	11.317%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%
<u>NYSPFRS Pension Plan</u>		
	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0915745%	0.0740655%
Proportionate share of the net pension liability (assets)	\$ 2,711,325	\$ 203,872
Covered-employee payroll	\$ 2,690,048	\$ 2,756,062
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	100.791%	7.397%
Plan fiduciary net position as a percentage of the total pension liability	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, 2016

NYSERS Pension Plan		
	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 607,902	\$ 693,834
Contributions in relation to the contractually required contribution	<u>(607,902)</u>	<u>(693,834)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,577,704	\$ 3,650,025
Contributions as a percentage of covered-employee payroll	16.99%	19.01%
NYSPPRS Pension Plan		
	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 617,316	\$ 619,951
Contributions in relation to the contractually required contribution	<u>(617,316)</u>	<u>(619,951)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,690,048	\$ 2,756,062
Contributions as a percentage of covered-employee payroll	22.95%	22.49%

Required Supplemental Information
CITY OF CANANDAIGUA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General and Major Special Revenue Fund Types
(Unaudited)
For the Year Ended December 31, 2016

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 4,968,081	\$ 4,968,081	\$ 4,979,613	\$ -	\$ 11,532
Non-property taxes	4,697,354	4,697,354	4,610,781	-	(86,573)
Departmental income	415,986	462,465	494,118	-	31,653
Intergovernmental charges	510,320	526,520	530,449	-	3,929
Use of money and property	24,210	24,210	22,996	-	(1,214)
Licenses and permits	116,204	84,121	97,991	-	13,870
Fines and forfeitures	224,200	224,200	187,711	-	(36,489)
Sale of property and compensation for loss	29,250	35,831	106,954	-	71,123
Miscellaneous	5,000	12,790	15,528	-	2,738
Interfund revenues	342,293	342,293	342,293	-	-
State and county aid	1,462,122	1,463,939	1,515,291	-	51,352
Total Revenues	\$ 12,795,020	\$ 12,841,804	\$ 12,903,725	\$ -	\$ 61,921
Expenditures:					
Current:					
General government support	\$ 1,731,396	\$ 1,767,026	\$ 1,672,482	\$ 3,200	\$ 91,344
Public safety	3,550,689	3,593,026	3,486,225	-	106,801
Transportation	1,186,710	1,192,199	1,143,108	-	49,091
Economic assistance and development	232,457	232,457	232,457	-	-
Culture and recreation	861,423	868,252	807,232	-	61,020
Home and community services	528,879	540,869	506,671	-	34,198
Employee benefits	3,359,788	3,359,474	3,252,644	-	106,830
Total Expenditures	\$ 11,451,342	\$ 11,553,303	\$ 11,100,819	\$ 3,200	\$ 449,284
Excess (deficiency) of revenue over expenditures	\$ 1,343,678	\$ 1,288,501	\$ 1,802,906	\$ (3,200)	\$ 511,205
Other Financing Sources and Uses:					
Transfers - in	\$ 290,000	\$ 290,000	\$ 290,000	\$ -	\$ -
Transfers - out	(2,416,186)	(2,418,003)	(1,844,336)	-	573,667
Total Other Financing Sources and Uses	\$ (2,126,186)	\$ (2,128,003)	\$ (1,554,336)	\$ -	\$ 573,667
Net change in fund balances	\$ (782,508)	\$ (839,502)	\$ 248,570	\$ (3,200)	\$ 1,084,872
Fund Balance - Beginning	5,032,198	5,032,198	5,032,198	-	-
Fund Balance - Ending	\$ 4,249,690	\$ 4,192,696	\$ 5,280,768	\$ (3,200)	\$ 1,084,872

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, 2016

	<u>Debt Service Fund</u>	<u>Watershed Program Fund</u>	<u>Technology Fund</u>
Assets			
Cash and cash equivalents	\$ 395,938	\$ 59,629	\$ 296,765
Receivables, net	-	-	25,278
Prepaid items	-	3,357	-
Total Assets	<u>\$ 395,938</u>	<u>\$ 62,986</u>	<u>\$ 322,043</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable and other current liabilities	\$ 105	\$ 6,063	\$ 8,522
Accrued liabilities	-	1,986	-
Overpayments and collections in advance	-	-	-
Total Liabilities	<u>\$ 105</u>	<u>\$ 8,049</u>	<u>\$ 8,522</u>
 Deferred Inflows:			
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund Balances:			
Nonspendable	\$ -	\$ 3,357	\$ -
Restricted	395,833	51,580	-
Assigned	-	-	313,521
Total Fund Balances	<u>\$ 395,833</u>	<u>\$ 54,937</u>	<u>\$ 313,521</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 395,938</u>	 <u>\$ 62,986</u>	 <u>\$ 322,043</u>

Parks & Open Spaces Fund	Community Development Fund	Cemetery Fund	Total Nonmajor Governmental Funds
\$ 53,992	\$ 449,281	\$ 32,776	\$ 1,288,381
-	194,349	-	219,627
-	-	-	3,357
<u>\$ 53,992</u>	<u>\$ 643,630</u>	<u>\$ 32,776</u>	<u>\$ 1,511,365</u>
\$ -	\$ 1,660	\$ -	\$ 16,350
-	1,956	-	3,942
-	81,677	-	81,677
<u>\$ -</u>	<u>\$ 85,293</u>	<u>\$ -</u>	<u>\$ 101,969</u>
\$ -	\$ 194,349	\$ -	\$ 194,349
\$ -	\$ -	\$ -	\$ 3,357
53,992	363,988	32,776	898,169
-	-	-	313,521
<u>\$ 53,992</u>	<u>\$ 363,988</u>	<u>\$ 32,776</u>	<u>\$ 1,215,047</u>
<u>\$ 53,992</u>	<u>\$ 643,630</u>	<u>\$ 32,776</u>	<u>\$ 1,511,365</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, 2016

	Debt Service Fund	Watershed Program Fund	Technology Fund
Revenues:			
Departmental income	\$ -	\$ -	\$ -
Intergovernmental charges	-	134,000	-
Use of money and property	895	113	158,041
Miscellaneous	-	-	50
State and county aid	-	67,087	-
Federal aid	-	-	-
Total Revenues	\$ 895	\$ 201,200	\$ 158,091
Expenditures:			
Current:			
General government support	\$ 1,289	\$ -	\$ 162,283
Home and community services	-	128,212	-
Employee benefits	-	40,710	-
Debt Service:			
Debt service - principal	1,157,800	-	-
Debt service - interest and other charges	123,273	-	-
Total Expenditures	\$ 1,282,362	\$ 168,922	\$ 162,283
Excess (deficiency) of revenue over expenditures	\$ (1,281,467)	\$ 32,278	\$ (4,192)
Other Financing Sources and Uses:			
Transfers - in	\$ 1,274,056	\$ -	\$ -
Transfers - out	-	-	-
Total Other Financing Sources and Uses	\$ 1,274,056	\$ -	\$ -
Net change in fund balances	\$ (7,411)	\$ 32,278	\$ (4,192)
Fund Balance - Beginning	403,244	22,659	317,713
Fund Balance - Ending	\$ 395,833	\$ 54,937	\$ 313,521

Parks & Open Spaces Fund	Community Development Fund	Cemetery Fund	Total Nonmajor Governmental Funds
\$ 10,000	\$ -	\$ -	\$ 10,000
-	-	-	134,000
160	42	16	159,267
-	182,987	-	183,037
-	-	-	67,087
-	13,518	-	13,518
<u>\$ 10,160</u>	<u>\$ 196,547</u>	<u>\$ 16</u>	<u>\$ 566,909</u>
\$ -	\$ -	\$ -	\$ 163,572
-	44,468	-	172,680
-	-	-	40,710
-	170,000	-	1,327,800
-	12,987	-	136,260
<u>\$ -</u>	<u>\$ 227,455</u>	<u>\$ -</u>	<u>\$ 1,841,022</u>
<u>\$ 10,160</u>	<u>\$ (30,908)</u>	<u>\$ 16</u>	<u>\$ (1,274,113)</u>
\$ -	\$ -	\$ -	\$ 1,274,056
(48,018)	-	(3,731)	(51,749)
<u>\$ (48,018)</u>	<u>\$ -</u>	<u>\$ (3,731)</u>	<u>\$ 1,222,307</u>
\$ (37,858)	\$ (30,908)	\$ (3,715)	\$ (51,806)
91,850	394,896	36,491	1,266,853
<u>\$ 53,992</u>	<u>\$ 363,988</u>	<u>\$ 32,776</u>	<u>\$ 1,215,047</u>