

OFFICIAL STATEMENT DATED APRIL 10, 2024

SERIAL BONDS AND
BOND ANTICIPATION NOTES

S&P GLOBAL RATING: APPLIED FOR

In the opinion of Hancock Estabrook, LLP, Syracuse, New York, Bond Counsel, under existing law, regulations, interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, and subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds and the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Bond Counsel observes that interest on the Bonds and the Notes included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate federal alternative minimum tax. In the opinion of Bond Counsel, under existing law, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and any political subdivisions thereof (including The City of New York). No opinion is expressed regarding other tax consequences arising with respect to the Bonds and the Notes.

The Bonds and the Notes will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CITY OF GENEVA
ONTARIO COUNTY, NEW YORK
(the "City")

\$6,117,500

PUBLIC IMPROVEMENT SERIAL BONDS, 2024
(the "Bonds")
(Book-Entry-Only)

Bonds Dated: May 2, 2024

Principal Due: May 1, 2025/2020, inclusive
Interest Due: May 1, 2025, November 1, 2025 and
semi-annually thereafter on May 1 and November 1
in each year until maturity (or earlier redemption)

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2025	\$417,500				2033	\$455,000			
2026	425,000				2034	470,000			
2027	430,000				2035	480,000			
2028	450,000				2036	250,000			
2029	460,000				2037	250,000			
2030	460,000				2038	255,000			
2031	470,000				2039	255,000			
2032	480,000				2040	110,000			

Prior Redemption: The Bonds maturing on or before May 1, 2032 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after May 1, 2033 will be subject to redemption prior to maturity, at the option of the City, on May 1, 2032 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption, as described herein under the heading "THE BONDS AND THE NOTES – Optional Redemption – Bonds."

Form and Denomination: The purchaser will have the option of having the Bonds issued as registered bonds in the name of the purchaser, or, at the option of the purchaser, the Bonds may be registered to The Depository Trust Company, New York, New York ("DTC"). The purchaser must notify Hancock Estabrook, LLP, of Syracuse, New York ("Bond Counsel") by 3:00 P.M., Prevailing Time, on the date of sale whether the Bonds will be issued in non-book-entry form or book-entry form.

To the extent that the Bonds are issued in non-book-entry form, they will be issued as registered obligations, registered in the name of the purchaser. Principal of and interest on the Bonds will be payable at maturity at such bank or trust company

located and authorized to do business in the State of New York or at such other office as may be designated by the purchaser. Under this scenario, the paying agent on the Bonds may be designated by the winning bidder and paying agent fees, if any, shall be paid by the purchaser.

To the extent that the Bonds are issued through DTC, the Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, (“DTC”) New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 each or integral multiples thereof, except for one bond of an odd denomination maturing in 2025. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. See “THE BONDS AND THE NOTES - Book-Entry-Only System,” herein.

The record date for the Bonds is the fifteenth day of the calendar month preceding an interest payment date.

Proposals for the Bonds shall be for not less than \$6,117,500 and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a wire transfer or a certified or a cashier’s check, payable to the order of the City of Geneva, in the amount of \$30,588.

Electronic bids for the Bonds may be submitted via facsimile or iPreo’s Parity Electronic Bid Submission System (“PARITY”) on April 17, 2024 until 11:30 a.m. (Prevailing Time). Such bids shall be delivered and accepted in accordance with the terms stated in the Notice of Bond Sale which accompanies this Official Statement. No bids will be accepted after the time for receiving bids as detailed above.

\$8,540,000

BOND ANTICIPATION NOTES, 2024
(the “Notes”)

Notes Dated: May 2, 2024

Maturity Date: May 1, 2025

Prior Redemption: The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

Form and Denomination: The Notes will be issued as registered Notes and, at the option of the initial purchaser(s), may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”), or may be registered in the name of the initial purchaser(s).

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Initial purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the City to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes. See “THE NOTES - Book-Entry-Only System,” herein.

If the Notes are registered in the name of the initial purchaser(s), principal of and interest on the Notes will be payable in federal funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s).

Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will constitute general obligations of the City and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. Unless paid from other sources, all the taxable real property within the City will be subject to the levy of *ad valorem* taxes to pay the principal and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). See “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein.

The Bonds and the Notes are offered when, as and if issued and received by the respective purchaser(s) thereof and subject to the receipt of unqualified legal opinions as to the validity of the Notes of Hancock Estabrook, LLP, Syracuse, New York, Bond Counsel. It is anticipated that the Bonds and the Notes will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about May 2, 2024.

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS AND THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN NOTICE OF BOND SALE WITH RESPECT TO THE BONDS AND THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE CITY WILL COVENANT, IN SEPARATE UNDERTAKINGS WITH THE HOLDERS OF THE BONDS AND THE NOTES, TO PROVIDE CONTINUING DISCLOSURE, AS REQUIRED BY THE RULE.

**CITY OF GENEVA
ONTARIO COUNTY, NEW YORK**

47 Castle Street
Geneva, New York 14456
Telephone: 315-828-6582
Fax: 315-789-0604
<http://www.geneva.ny.us/>
snewcomb@geneva.ny.us

CITY COUNCIL

Steve Valentino, Mayor

John Brennan	Thomas Moracco
Peter Gillotte	William Pealer
Patrick Grimaldi	James Petropoulos
Christopher Lavin	Ahmad Whitfield

* * *

Amie Hendrix, City Manager
Stefanie Newcomb, Comptroller
Kelly Doeblin, Deputy Comptroller
Nicole Wright, City Clerk
Midey, Mirras & Ricci, LLP, City Attorneys

* * *

BOND COUNSEL

Hancock Estabrook, LLP
Syracuse, New York

* * *

MUNICIPAL ADVISOR

MUNICIPAL SOLUTIONS, INC.
Municipal Financial Advisory Service

62 Main Street
LeRoy, New York 14482
Phone: (585) 768-2136
Fax: (585) 394-4092

2528 State Route 21
Canandaigua, New York 14424
Phone: (585) 394-4090
Fax: (585) 394-4092

Website: <http://www.municipalsolution.com>

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information, estimates, and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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OFFICIAL STATEMENT

CITY OF GENEVA ONTARIO COUNTY, NEW YORK (the “City”)

\$6,117,500 PUBLIC IMPROVEMENT SERIAL BONDS, 2024 (the “Bonds”)

\$8,540,000 BOND ANTICIPATION NOTES, 2024 (the “Notes”)

This Official Statement, which includes the cover page and appendices hereto (the “Official Statement”), presents certain information relating to the City of Geneva in the County of Ontario, in the State of New York (the “City,” “County” and “State,” respectively) in connection with the sale of the City’s \$6,117,500 Public Improvement Serial Bonds, 2024 and \$8,540,000 Bond Anticipation Notes, 2024.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management’s beliefs as well as assumptions made by, and information currently available to, the City’s management and staff.

THE BONDS AND THE NOTES

The Bonds and the Notes will be general obligations of the City, and will contain a pledge of the City’s faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). Unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Bonds and the Notes and interest thereon, without limitation as to rate or amount, sufficient to pay such principal and interest as the same become due (subject to certain statutory limitations imposed by the Tax Levy Limitation Law; see “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein).

The financial condition of the City, as well as the market for the Bonds and the Notes, could be affected by a variety of factors, some of which are beyond the control of the City. See “ BONDHOLDER AND NOTEHOLDER RISKS,” herein.

Description of the Bonds

The Bonds comprise an issue in the aggregate principal amount of \$6,117,500, will be dated their date of delivery, and will mature in installments on May 1, 2025, and annually thereafter on each May 1, as set forth on the cover page hereof. Interest on the Bonds will be payable on May 1, 2025, November 1, 2025 and semi-annually thereafter on May 1 and November 1 of each year until maturity (or earlier redemption).

The purchaser will have the option of having the Bonds issued as registered bonds in the name of the purchaser, or, at the option of the purchaser, the Bonds may be registered to The Depository Trust Company, New York, New York (“DTC”). The purchaser must notify Hancock Estabrook, LLP, of Syracuse, New York (“Bond Counsel”) by 3:00 P.M., Prevailing Time, on the date of sale whether the Bonds will be issued in non-book-entry form or book-entry form.

If the Bonds are issued in non-book-entry form, they will be issued as registered obligations, registered in the name of the purchaser. Principal of and interest on the Bonds will be payable at maturity at such bank or trust company located and authorized to do business in the State of New York or at such other office as may be designated by the purchaser.

Under this scenario, the paying agent on the Bonds may be designated by the winning bidder and paying agent fees, if any, shall be paid by the purchaser.

If the Bonds will be issued in registered form, the Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, (“DTC”) New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 each, or integral multiples thereof, except for one bond of an odd denomination maturing in 2025. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. See “THE BONDS AND THE NOTES - Book-Entry-Only System,” herein.

The record date of the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

Optional Redemption - Bonds

The Bonds maturing on or before May 1, 2032 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after May 1, 2033 will be subject to redemption prior to maturity, at the option of the City, on May 1, 2032 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption. Notice of the call for such redemption shall be given by mailing such notice to the registered owners thereof not more than sixty (60) days nor less than thirty (30) days prior to the designated redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such notice of redemption, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the City Comptroller.

The City may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys and/or any other event. If any such condition is not satisfied, such redemption shall not occur, and the City is to give notice thereof, as soon as practicable, in the same manner, to the same person(s), as notice of such redemption was given. Additionally, any such redemption notice may be rescinded by the City no later than one business day prior to the date specified for redemption, by written notice by the City given in the same manner, to the same person(s), as notice of such redemption was given.

Authorizations and Purposes of the Bonds

The Bonds are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Local Finance Law, and the City Charter and pursuant to various bond resolutions that were duly adopted by the Common Council of the City as follows:

<u>Date of Authorization</u>	<u>Project</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Principal Payment</u>	<u>Amount to Borrow</u>
12/07/16	Sewer Line Sealing and Resealing Throughout City	\$200,000	\$135,000	\$15,000	\$120,000
04/03/19	Sidewalk Reconstruction	120,000	75,000	15,000	60,000
04/03/19	Various Park Improvements	175,000	145,000	45,000	100,000
04/03/19	Gulvin Park Wastewater Treatment Plant	225,000	195,000	10,000	185,000
04/03/19	Marsh Creek Wastewater Treatment Plant	2,074,200	1,800,000	95,000	1,705,000
12/04/19	Lafayette Ave. Reconstruction and Repaving	1,100,000	965,000	77,500	887,500
12/04/19	Lafayette Ave. Water Main Improvements	687,500	605,000	45,000	560,000
12/04/19	Lafayette Ave. Sewer System Improvements	962,500	845,000	60,000	785,000
12/04/19	Various Park Improvements	175,000	155,000	10,000	145,000
12/04/19	Gulvin Park Wastewater Treatment Plant Pump	363,500	285,000	15,000	270,000

Authorizations and Purposes of the Bonds – Continued

01/06/21	Fire Truck Acquisition	1,497,000	1,370,000	70,000	1,300,000
	Totals	\$7,579,700	\$6,575,000	\$457,500	\$6,117,500

The proceeds of the Bonds, along with \$457,500 of available funds of the City and will be used to redeem and retire the applicable portion of an outstanding bond anticipation note issued on May 4, 2023.

Description of the Notes

The Notes will be dated May 2, 2024 and will mature on May 1, 2025, with interest payable at maturity at the annual rate(s) specified by the purchaser(s). Interest on the Notes will be calculated on a 30-day month and a 360-day year basis.

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being payable in federal funds at such bank or trust company located and authorized to do business in the State as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Alternatively, the Notes may be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York, with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully-registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the City directly to DTC for its nominee, Cede & Co.

No Optional Redemption - Notes

The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

Authorizations and Purposes of the Notes

The Notes are being issued pursuant to the Constitution and Laws of the State of New York, including among others, the Local Finance Law, and the City Charter and pursuant to various bond resolutions that were duly adopted by the Common Council of the City (the “City Council”) as follows:

Date of Authorization	Project	Amount Authorized	Amount Outstanding	Principal Payment	Amount to Borrow
01/03/18	Construction of a Curtain Wall Breakwater	\$750,000	\$630,000	\$30,000	\$600,000
04/03/19	Various Sidewalk Reconstruction and Equipment Acquisition	1,300,000	325,000	325,000	0
12/04/19	Water Treatment Plant Transformer	270,000	240,000	20,000	220,000
12/04/19	Long Pier Improvements	750,000	680,000	35,000	645,000
12/01/21	Lochland Road Water Treatment Plant Transformer	300,000	300,000	15,000	285,000
12/01/21	Wastewater Treatment Plant HVAC	100,000	100,000	10,000	90,000
12/01/21	Pulteney Street Sewer Furnishings and Equipment	350,000	350,000	15,000	335,000
12/01/21	Parking Lot Improvements	250,000	250,000	25,000	225,000

Authorizations and Purposes of the Notes – Continued

12/01/21	Seneca, Exchange, and Main Street Sidewalk Improvements	100,000	100,000	10,000	90,000
12/01/21	Sea Wall Improvements	500,000	500,000	20,000	480,000
12/01/21	Fire-fighting Pumper Apparatus Acquisition	750,000	750,000	30,000	720,000
12/01/21	Building Improvements	700,000	700,000	30,000	670,000
12/01/21	Traffic Signal Improvements	250,000	250,000	15,000	235,000
12/01/21	Park and Ice Rink Improvements	300,000	300,000	20,000	280,000
12/01/21	Castle and Exchange Street Improvements	1,800,000	1,800,000	155,000	1,645,000
07/06/22	Castle and Exchange Street Sewer Improvements	900,000	900,000	70,000	830,000
07/06/22	Castle and Exchange Street Water Improvements	1,300,000	1,300,000	110,000	1,190,000
	Totals	<u>\$10,670,000</u>	<u>\$9,475,000</u>	<u>\$935,000</u>	<u>\$8,540,000</u>

The proceeds of the Notes, along with \$935,000 of available funds of the City, will be used to redeem and renew, in part, the applicable portion of an outstanding bond anticipation note issued on May 2, 2023.

Book-Entry-Only System

The following is relevant if the Bonds and the Notes are to be issued in book-entry form. The following discussion assumes that the Bonds and the Notes will be so issued. DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each maturity of the Bonds and the Notes, bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and Indirect Participants are together the Participants ("Participants"). S&P Global has issued DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC may be obtained at the website of The Depository Trust Company. Reference to the website implies no warranty of the accuracy of the information therein.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of

each Note (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds and the Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds and the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds and the Notes may wish to ascertain that the nominee holding the Bonds and the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners or, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City, on a payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with notes held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

Certificated Bond and Notes

DTC may discontinue providing its services with respect to the Bonds and the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is

discontinued, the following provisions will apply: the Bonds and the Notes will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, for any single maturity, except for one bond of an odd denomination maturing in 2025. Principal of the Bonds and the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State to be named by the City. Interest on the Bonds will be payable May 1, 2025, November 1, 2025 and semi-annually thereafter on May 1 and November 1 in each year to maturity (or earlier redemption). Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month next preceding each such interest payment date. The Bonds and the Notes may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Bonds and the Notes of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificates of Determination executed by the City Comptroller authorizing the sale of the Bonds and the Notes, respectively, and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of particular Bonds between the applicable record date for such Bonds and such interest payment date.

THE CITY

General Description

The City, with an area of 5.8 square miles, is located in the Finger Lakes Region of Ontario County approximately 15 miles east of Canandaigua, at the north end of Seneca Lake. A wide range of manufacturing endeavors are located in the area, one being winemaking. There are over 100 wineries in the Finger Lakes Region and the Seneca Lake wine trail is a major tourist attraction. Many residents are employed locally, while others commute to Rochester and Syracuse for employment.

The Geneva area is served by excellent transportation facilities, including the Finger Lakes Railway, CSX, Norfolk Southern Railway and Ontario Transit System, the Greyhound and Onondaga Coach Bus Lines and the State Canal System. Air transportation is available at the Greater Rochester International and the Syracuse-Hancock International Airports. Various modes of transportation to and from the area are provided by a network of State and County highways, including Routes 5 and 20, 14, 14A, 96A and 245 and U.S. Route 20. In addition, the New York State Thruway, a major east-west road, has an exit five miles north of the City.

The City provides the following basic services: garbage and rubbish collection, police and fire protection, recreation programming for youths and adults, maintenance of parks, maintenance of streets, street lighting, water and sewer lines, a water filtration plant and sewage treatment facilities. Electricity and natural gas are supplied throughout the City by New York State Electric and Gas.

Education for grades K - 12 is provided by the Geneva City School District. The City is the home of Hobart and William Smith Colleges. Higher education opportunities are also available at the many colleges in the Rochester and Syracuse area.

Five Star Bank, Canandaigua National Bank and Trust Company, Community Bank, Seneca Falls Savings Bank and Lyons National Bank all have offices in the City.

Source: City Officials.

Governmental Organization

The City was established and its original charter adopted by the State Legislature as Chapter 360 of the Laws of 1897. The City was formed from the Village of Geneva and started operating as a city on January 1, 1898. Since January 1, 1964, the form of government has been Council-Manager.

The governing body of the City is the City Council composed of an elected Mayor, two Councilors elected at large, and six Councilors elected by the electors of their respective wards. The Mayor and all Councilors are elected for a term of four years at elections held in an odd numbered year and serving from the following January 1 to December 31 of the fourth year.

A City Judge is elected for a six-year term. The City Manager, City Attorney, City Comptroller, Director of Public Works, Director of Recreation, Police Chief and Fire Chief are all appointed for indefinite terms.

Employees

The City provides services through approximately 129 full-time and up to 60 part-time employees. Some of the employees of the City are represented by the following labor organizations:

<u>Unions</u>	<u>No. of Members</u>	<u>Contract Expiration Date</u>
Public Works Laborers (CSEA Local 835)	29	12-31-2023*
Council No. 82 Security and Law Enforcement	25	12-31-2023*
Geneva Firefighters Local 2859	18	12-31-2024
Geneva Municipal Employees Assoc. (CSEA Local 835)	15	12-31-2026
Geneva Pub. Works Foreman’s Assoc. (CSEA Local 835)	10	12-31-2024
Geneva Police Command Officers	7	12-31-2027

Source: City Officials.

Note: * Contract currently under negotiation.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the City, the County, the State and the United States.

Population

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	14,143	95,101	17,990,455	249,632,692
2000	13,617	100,224	18,976,457	281,421,906
2010	13,261	107,931	19,378,102	308,745,538
2020	12,812	112,458	20,201,249	331,449,281

Source: US Census Bureau.

Median Household Income

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$23,886	\$33,133	\$32,965	\$30,056
2000	31,600	44,579	43,393	41,994
2018 - 2022	63,602	76,603	81,386	75,149

Source: US Census Bureau, American Community Survey (2018 - 2022).

Per Capita Income

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$11,126	\$14,601	\$16,501	\$14,420
2000	15,609	21,533	23,389	21,587
2018 - 2022	30,090	43,046	47,173	41,261

Source: US Census Bureau, American Community Survey (2018 - 2022).

Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest area for which such statistics are available (which include the City) is the County. The information set forth below with respect to the County, the State and the United States is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the City is necessarily representative of the County or vice versa.

<u>Annual Averages:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	3.7%	3.8%	3.7%
2020	6.9	9.8	8.1
2021	4.3	7.1	5.3
2022	3.1	4.3	3.6
2023	3.3	4.2	3.6

<u>2024 Monthly Rates:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
January	4.2%	4.3%	4.1%
February	4.4	4.5	4.2

Source: Department of Labor, State of New York, Bureau of Labor Statistics. Information not seasonally adjusted.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Zotos International	Manufacturer	800
Hobart and William Smith Colleges	Higher Education	690
Finger Lakes Health	Hospital/Health Care	500
Geneva City School District	Public Education	443
Guardian Glass, Inc.	Manufacturer	320

Source: City Officials.

INDEBTEDNESS OF THE CITY

Constitutional Requirements

The State Constitution and the Local Finance Law limit the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations, in summary form and as generally applicable to the City and the Bonds and the Notes, include the following:

Purpose and Pledge: Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity: Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object(s) or purpose(s) as determined by statute or the weighted average maturity thereof; unless substantially level or declining annual debt service is authorized by the City Council and utilized, no installment may be

more than fifty percent in excess of the lowest prior installment. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization of its serial bonds and such required annual installments on its notes.

There is no constitutional limitation on the amount that may be raised by the City by tax on real property in any fiscal year to pay interest and principal on all indebtedness. However, see “General” below and “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law,” herein.

General: The City is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the City so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the City to levy taxes on real property for the payment of interest on or principal of indebtedness theretofore contracted. See “REAL PROPERTY TAX INFORMATION - Tax Levy Limitation Law” herein.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law, subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Law and the General Municipal Law.

Pursuant to the Local Finance Law, the City authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the City Council. Customarily, the City Council has delegated to the Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the City complies with this estoppel procedure, and it has done so with respect to the bond resolutions under which the Bonds and the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object(s) or purpose(s) to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Statutory law in the State permits bond anticipation notes to be renewed each year, provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual principal reductions for the entire period of probable usefulness of the purpose for which such notes were originally issued. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and

2021 to be renewed up to seven years prior to the issuance of serial bonds. (See “Payment and Maturity,” under “Constitutional Requirements” herein, and the “Details of Short-Term Indebtedness Outstanding,” herein.)

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget, deficiency and capital notes. (See “Details of Short-Term Indebtedness Outstanding,” herein.)

Debt Limit

The City has the power to contract indebtedness for any City purpose so long as the aggregate principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real property of the City and subject to certain enumerated deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real property for the last completed assessment roll of the City and dividing the same by the equalization rate, or the ratio which such assessed valuation bears to the full valuation, as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

The following pages present certain details with respect to the indebtedness of the City as of the date of this Official Statement.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the City has the following short-term indebtedness outstanding:

<u>Type</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Amount</u>
Bond Anticipation Note	5/2/2024	Various Projects	\$16,050,000 ¹
		Total	<u>\$16,050,000</u>

Source: Note Records of the City.

Note: ¹ To be redeemed and renewed, in part, with the proceeds of the Bonds and the Notes and \$1,392,500 of available funds of the City.

Revenue and Tax Anticipation Notes

The City has not found it necessary in recent history to borrowing in anticipation of taxes or revenues and does not intend to in the near future.

Status of Outstanding Bond Issues

Year of Issue:	2008 ¹	2018 ²	2018
Amount Issued:	\$13,666,554	\$6,070,000	\$10,846,805
Last Maturity:	05/27/38	05/15/30	5/01/39
Interest Rate/Instrument:	Various - EFC SIB	Various - Ref SB	Various - SB
Purpose:	STP Upgrade	Various Projects	Various Projects
Balance Principal 12-31-23:	\$6,833,274	\$1,725,000	\$7,520,000

Fiscal Year

<u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$455,552	\$0	\$415,000	\$70,169	\$635,000	\$223,138
2025	455,552	0	320,000	57,500	660,000	203,713
2026	455,552	0	310,000	41,750	675,000	183,688
2027	455,552	0	320,000	26,000	665,000	163,588
2028	455,552	0	315,000	10,125	680,000	143,413
2029	455,552	0	25,000	1,625	695,000	122,788
2030	455,552	0	20,000	500	585,000	103,588
2031	455,552	0			390,000	88,963
2032	455,552	0			350,000	77,644
2033	455,551	0			305,000	67,409
2034	455,551	0			315,000	57,525
2035	455,551	0			315,000	47,288
2036	455,551	0			320,000	36,969
2037	455,551	0			320,000	26,369
2038	455,551	0			305,000	15,822
2039					305,000	5,338
Totals:	<u>\$6,833,274</u>	<u>\$0</u>	<u>\$1,725,000</u>	<u>\$207,669</u>	<u>\$7,520,000</u>	<u>\$1,567,238</u>

Notes: ¹ Issued as part of "State Water Pollution Control Revolving Fund Revenue Bonds pooled loan financing of State Environmental Facilities Corporation" (100% interest subsidy).

² Economically defeased the City's 2004, 2005, 2007 and 2010 serial bonds. Such bonds were called and redeemed in full on May 15, 2018.

Status of Outstanding Bond Issues

Year of Issue:	2020	2021	2021 ³
Amount Issued:	\$8,855,000	\$5,745,000	\$6,905,000
Last Maturity:	05/01/37	05/01/37	02/01/42
Interest Rate/Instrument:	Various - SB	1.54% / SB	Various - Ref SB
Purpose:	Various Projects	Various Projects	Various Projects
Balance Principal 12-31-23:	\$6,645,000	\$5,085,000	\$6,315,000

Fiscal Year

<u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$600,000	\$127,994	\$365,000	\$75,499	\$440,000 *	\$211,419
2025	605,000	115,944	370,000	69,839	450,000	193,619
2026	620,000	103,694	375,000	64,103	370,000	177,219
2027	630,000	91,194	385,000	58,251	380,000	162,219
2028	645,000	78,444	405,000	52,168	380,000	147,019
2029	660,000	65,394	410,000	45,892	340,000	132,619
2030	670,000	52,094	415,000	39,540	345,000	118,919
2031	690,000	38,494	435,000	32,995	350,000	105,019
2032	705,000	24,544	435,000	26,296	360,000	90,819
2033	425,000	13,244	305,000	20,598	350,000	78,369
2034	155,000	7,347	290,000	16,016	350,000	67,869
2035	80,000	4,800	295,000	11,512	345,000	57,444
2036	80,000	2,950	300,000	6,930	345,000	47,094
2037	80,000	1,000	300,000	2,310	295,000	37,494
2038					290,000	28,719
2039					285,000	20,094
2040					280,000	11,619
2041					185,000	5,569
2042					175,000	1,859
Totals:	<u>\$6,645,000</u>	<u>\$727,134</u>	<u>\$5,085,000</u>	<u>\$521,945</u>	<u>\$6,315,000</u>	<u>\$1,694,997</u>

Notes: ³Economically defeased the City's 2011 and 2014 serial bonds. Such bonds were called and redeemed in full on January 19, 2022 and February 1, 2022, respectively.

* Principal payment made prior to the Debt Statement dated March 25, 2024.

Total Annual Bond Principal and Interest Due

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>	<u>% Paid</u>
2024	\$2,910,552	\$708,217	\$3,618,769	8.53%
2025	2,860,552	640,614	3,501,166	16.91%
2026	2,805,552	570,453	3,376,005	25.13%
2027	2,835,552	501,251	3,336,803	33.44%
2028	2,880,552	431,168	3,311,720	41.89%
2029	2,585,552	368,317	2,953,869	49.46%
2030	2,490,552	314,640	2,805,192	56.76%
2031	2,320,552	265,470	2,586,022	63.56%
2032	2,305,552	219,302	2,524,854	70.32%
2033	1,840,551	179,619	2,020,170	75.71%
2034	1,565,551	148,757	1,714,308	80.30%
2035	1,490,551	121,043	1,611,594	84.67%
2036	1,500,551	93,943	1,594,494	89.07%
2037	1,450,551	67,173	1,517,724	93.32%
2038	1,050,551	44,541	1,095,092	96.40%
2039	590,000	25,431	615,431	98.12%
2040	280,000	11,619	291,619	98.95%
2041	185,000	5,569	190,569	99.49%
2042	175,000	1,859	176,859	100.00%
Totals:	<u>\$34,123,274</u>	<u>\$4,718,982</u>	<u>\$38,842,256</u>	

Source: City Bond Records.

Schedule of Principal Payments - Outstanding and Proposed Bonds

Fiscal Year Ending December 31:	Prior Issues	This Issue	Total Maturing Principal	Annual Outstanding Principal
2024	\$2,910,552	\$0	\$2,910,552	\$37,330,222
2025	2,860,552	417,500	3,278,052	34,052,170
2026	2,805,552	425,000	3,230,552	30,821,618
2027	2,835,552	430,000	3,265,552	27,556,066
2028	2,880,552	450,000	3,330,552	24,225,514
2029	2,585,552	460,000	3,045,552	21,179,962
2030	2,490,552	460,000	2,950,552	18,229,410
2031	2,320,552	470,000	2,790,552	15,438,858
2032	2,305,552	480,000	2,785,552	12,653,306
2033	1,840,551	455,000	2,295,551	10,357,755
2034	1,565,551	470,000	2,035,551	8,322,204
2035	1,490,551	480,000	1,970,551	6,351,653
2036	1,500,551	250,000	1,750,551	4,601,102
2037	1,450,551	250,000	1,700,551	2,900,551
2038	1,050,551	255,000	1,305,551	1,595,000
2039	590,000	255,000	845,000	750,000
2040	280,000	110,000	390,000	360,000
2041	185,000		185,000	175,000
2042	175,000		175,000	0
Totals:	<u>\$34,123,274</u>	<u>\$6,117,500</u>	<u>\$40,240,774</u>	

Other Obligations

The City has an outstanding energy performance contract, with installment purchase financing annual payments of \$336,982 (principal and interest) due until final maturity in 2026. As of the date of this Official Statement, \$631,287 principal is outstanding.

Trend of Outstanding Debt

	Fiscal Year Ending December 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$33,365,482	\$39,074,930	\$40,704,378	\$37,223,826	\$34,123,274
Bond Anticipation Notes	20,844,200	15,212,700	10,140,500	16,885,000	16,050,000
Energy Performance Contract ¹	1,987,602	1,739,551	1,480,402	1,209,658	926,800
Installment Purchase Debt ¹	324,612	177,531	76,512	0	0
Total Debt Outstanding	<u>\$56,521,896</u>	<u>\$56,204,712</u>	<u>\$52,401,792</u>	<u>\$55,318,484</u>	<u>\$51,100,074</u>

Source: Financial Reports of the City.

Notes: ¹ Not debt for Local Finance Law or Constitutional purposes but does count towards debt limit of the City.

This table is NOT audited.

Computation of Debt Limit and Calculation of Net Indebtedness

(As of March 25, 2024)

Fiscal Year Ended December 31:	Taxable Assessed Valuation	State Equalization Rate	Taxable Full Valuation
2020	\$407,453,820	93.00%	\$438,122,387
2021	470,593,861	100.00%	470,593,861
2022	472,928,671	100.00%	472,928,671
2023	488,268,462	89.00%	548,616,249
2024 ¹	<u>488,630,334</u>	78.00%	<u>626,449,146</u>
Total	<u>\$2,327,875,148</u>		<u>\$2,556,710,315</u>
Average Five-Year Full Valuation			\$511,342,063
Debt Limit: 7% of Full Valuation			\$35,793,944
Inclusions:			
Bonds			\$33,683,274
Bond Anticipation Notes			<u>16,050,000</u>
Total Indebtedness			<u>\$49,733,274</u>
Exclusions:			
Water ²			\$10,893,960
Budgeted Appropriations ²			1,977,500
Sewer ³			<u>18,815,314</u>
Total Exclusions			<u>\$31,686,774</u>
Total Net Indebtedness ^{4&5}			<u>\$18,046,500</u>
Net Debt-Contracting Margin			<u>\$17,747,444</u>

Notes: ¹ The latest completed assessment roll for which a State Equalization Rate has been established.

² Water indebtedness and budgeted appropriations are automatically excluded pursuant to provisions of Article VIII, Section 5B of the New York State Constitution and Section 136.00 of the Local Finance Law.

³ Excluded pursuant to Section 124.10 of the Local Finance Law by Orders of the State Comptroller dated June 6, 2007, March 25, 2015, July 25, 2019 and April 1, 2022.

⁴ Represents 50.02% of the City's Debt Limit.

⁵ Installment purchase contracts, while not debt, do count towards the City's debt limit. The principal amount of the City's outstanding installment purchase contracts has not been included in this debt limit computation table in order to be consistent with the State Comptroller's official debt statement filing instructions. For a summary of outstanding principal, see "Other Obligations", herein.

Authorized and Unissued Indebtedness

As of the date of this Official Statement, the City has authorized and unissued indebtedness in the amount of \$9,236,950 pursuant to a bond resolution adopted by the City on August 4, 2021 and amended on September 7, 2022, for the construction and equipping of additions and other improvements to the Marsh Creek Wastewater Treatment Plant. The City anticipates borrowing against this resolution in the future.

Capital Project Plans and Anticipated Future Borrowings

The City is generally responsible for providing services as required by the citizens on a City-wide basis. The City maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time

to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the City owns, operates, maintains and improves recreation facilities, and as has been noted, provides for the financing of water and sewer improvements and maintains primary responsibility for these functions.

The City has completed a number of capital improvements projects over the last five years, and is continuing to undertake new projects, pursuant to its capital improvement program. The City is funding these projects through various grants, City funds and borrowings.

The City has undertaken a number of capital projects during the 2018 through 2021 fiscal years. The following projects remain under construction as of the date of this Official Statement:

- Construction of a curtain wall breakwater at a City pier
- Routes 5 and 20 improvements
- Foundry site remediation
- Acquisition and installation of a new main transformer at the City Water Treatment Plant
- Construction of docks, piers and wharf property along the “Long Pier” area of the City

These projects are being funded with various grants and borrowed funds.

The City authorized the following projects in 2022, which are continuing into 2024:

- Castle and Exchange Streets reconstruction and repaving, water system improvements and sewer system improvements
- Acquisition and installation of a new electric transformer at the City Water Treatment Plant
- Ventilation upgrades at the City Wastewater Treatment Plant
- Pulteney Street sewer upgrades
- Various parking lot improvements, sidewalk improvements, street resurfacing, traffic signals and brick work
- Roofing and window improvements at City Hall
- Lakefront Sea Wall Improvements
- Park Master Plan Improvements

These projects are being funded with various grants and borrowed funds.

In addition, the City is undertaking a project involving the construction and equipping of additions and other improvements to the Marsh Creek Wastewater Treatment Plant at a maximum estimated cost of \$9,236,950. The City has received a notice of award of a \$2,309,238 Water Infrastructure Improvement grant and a 0% interest loan from the New York State Environmental Facilities Corporation’s Clean Water State Revolving Loan fund in connection with this project.

The City’s capital plan has identified approximately \$24,825,000 of future projects between 2024 and 2026 for items such as additional street reconstruction, street resurfacing, water main improvements, sewer line improvements, park improvements and lakefront improvements. While subject to change, the City anticipates funding this work through various grants, available funds and future borrowings.

Direct and Overlapping Indebtedness

In addition to the City, the political subdivisions in the following table have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City.

The real property taxpayers of the City are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the City’s boundaries. Such taxpayers’ share of this overlapping debt is based upon the amount of the City’s equalized property values taken as a percentage of each separate unit’s total values. The table below sets forth both the total outstanding principal amount of debt issued by the City and the appropriate magnitude of the burden on taxable property of the City of the debt issued and outstanding by such overlapping entities, as of the dates shown.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Applicable Total Indebtedness	Exclusions ¹	Applicable Net Indebtedness	Full Value of City in Municipality	Total Full Value of Municipality	% Within City	Estimated Applicable Overlapping Debt
County:								
Ontario	2023	\$16,095,000	\$0	\$16,095,000	\$626,449,146	\$11,749,717,892	5.33%	\$858,123
City School District:								
Geneva	2024	37,850,000	0	37,850,000	626,449,146	1,338,551,135	46.80%	17,714,004
Total Net Overlapping Debt:								\$18,572,127
Total Net Direct Debt:								18,046,500
Net Direct and Overlapping Debt:								\$36,618,627

Sources: Annual reports of the respective units for the most recently completed fiscal year on file with the office of the State Comptroller or more recently published official statements.

Note: ¹ Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt, budgetary appropriations and tax and revenue anticipation notes).

Debt Ratios

The following table presents certain debt ratios relating to the City's direct and overlapping indebtedness as of March 25, 2024.

	Amount	Debt Per Capita ¹	Debt Full Value ²
Net Direct Debt	\$18,046,500	\$1,408.56	2.88%
Total Direct & Applicable Total Overlapping Debt	36,618,627	2,858.15	5.85%

Notes: ¹ The population of the City is 12,812 according to the US Census Bureau 2020 census.

² The full valuation of real property located in the City for the 2024 fiscal year is \$626,449,146.

FINANCES OF THE CITY

Financial Statement and Accounting Procedures

The City maintains its financial records in accordance with the Uniform System of Accounts for Cities prescribed by the State Comptroller. The financial records of the City are audited by independent accountants on an annual basis. The last such audit completed and made available for public inspection covers the fiscal year ended December 31, 2022 and is herewith attached as APPENDIX B. The City is in the process of completing the audited financial statements for the fiscal year ending December 31, 2023.

The Statements of Revenues, Expenditures and Changes in Fund Balances and Balance Sheets presented in APPENDIX A of this Official Statement are based on annual audited financial reports for the City for the 2018 - 2022 fiscal years.

The financial affairs of the City are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the City has complied with the requirements of various state and federal statutes. The City has not been the subject of any such audit within the past five years.

Fund Structure and Accounts

The City utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The City presently maintains the following governmental funds: General Fund, Community Development Fund and the Capital Projects Funds. Proprietary funds include sewer and water funds. Fiduciary funds consist of a Custodial Fund. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The City's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual – that is, when they become “measurable” and “available” to finance expenditures to the current period. Revenues susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting, that is when the related fund liability is incurred. An exception to this general rule is interest on un-matured long-term debt which is recognized when due.

Investment Policy

The City Council has adopted an investment policy and such policy conforms to applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the City are made in accordance with such policy.

The primary objectives of the City's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (“GML”), the City is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The City may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations of the State; (3) repurchase agreements involving the purchase and sale of direct obligations of the United States; (4) certificates of deposit issued by a bank or trust company authorized to do business in State; (5) time deposit accounts in a bank or trust company authorized to do business in the State; and (6) in the case of moneys held in certain reserve funds established by the City pursuant to law, obligations of the City.

All funds may be invested in: (1) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; and (2) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the City, itself.

Reserve funds may be invested in obligations of the City.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the City, such instruments

and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

Budgetary Procedures

Under provisions of the City's Charter, the department heads present their budget requirements to the City Manager on or before a date set by said City Manager. The City Manager prepares a proposed budget for the forthcoming year together with a budget message which must be a complete financial plan to be submitted to the City Council on or before the last day of September, and immediately thereafter is filed in the City Clerk's Office where it is a public record. The City Council establishes a date, time and place for a public hearing with public notice duly advertised of such hearing. After conclusion of the public hearing the City Council may increase, decrease or strike out programs or amounts except expenditures required by law for certain designated purposes, and upon completion of the consideration and review adopts the budget in final form. If the City Council fails to adopt the proposed budget by the last day of October, the budget as submitted by the City Manager becomes the budget of the City for the ensuing fiscal year.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions outlined in the new law. All budgets of the City adopted in accordance with the procedures discussed herein, must comply with the requirements of the law. See "REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law," herein. The City exceeded its tax levy increase limit for each of the fiscal years 2017 through 2023.

Financial Operations

The City Comptroller functions as the chief fiscal officer of the City as provided by Section 2 of the Local Finance Law: in this role, the Comptroller is responsible for the City's accounting and financial reporting activities, which are delegated to and carried out by the Comptroller. In addition, the City Comptroller is the City's budget officer and must therefore prepare the annual tentative budget for submission to the City Council. Budgetary control during the year is the responsibility of the Comptroller. Pursuant to Section 30 of the Local Finance Law, the Comptroller must execute an authorizing certificate which then becomes a matter of public record.

The City Council, as a whole, serves as the finance board of the City and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

City finances are operated primarily through the General Fund. All real property taxes and most of the other City revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. All revenues (rents and fees) and expenses of the Water and Sewer operations are specifically accounted for in these respective funds.

The City's fiscal year runs from January 1 through December 31 for operating and reporting purpose.

Revenues

The City receives the largest share of its revenues from real property taxes and assessments.

A summary of such revenues and other financing sources for the last five completed fiscal years ending with December 31, 2022 and the budget for the fiscal year ending 2023 and 2024 may be found in APPENDIX A – Financial Information.

Real Property Taxes

See "REAL PROPERTY TAX INFORMATION," herein.

State Aid

There can be no assurance that the State appropriation for State aid to municipalities and school districts will not be reduced or delayed in future fiscal years, as the State is not constitutionally obligated to maintain or continue State aid to the City. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption

of the State budget. In any event, State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June 2020, the State Division of the Budget ("DOB") began withholding 20% of most local aid payments, although such aid was generally since restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation included almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefited from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities ("AIM") funding. Further, municipalities that host Video Lottery Terminal ("VLT") facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

The State enacted budget for the 2022-2023 fiscal year continued to provide increased funding for schools and local governments. School districts benefited from a \$1.5 billion increase in Foundation Aid, the continued phase-in to fully restore the level of Foundation Aid that was originally promised in 2007, along with a \$125 million expansion of full-day prekindergarten and a \$451 million increase in all other school aid programs. For local governments, the level of AIM funding was maintained at \$715 million, fully funding this program. Additionally, this budget put an end to the intercept of sales tax to pay \$59 million in AIM-related payments to various villages and towns within the state. Further, the budget included a \$32.8 billion five-year capital plan for programs and projects administered by the State Department of Transportation with a focus on investments in State and local roads and bridges primarily serving smaller municipalities. This budget continued to provide a similar level of funding for various transportation aid programs as the prior year, while also allocating \$100 million to the creation of a new "Pave our Potholes" program.

The State enacted budget for the fiscal year ending March 31, 2024 continues to fully fund AIM payments to local governments, maintaining the \$715 million allocated in the prior year's budget.

Although the 2021-2022, 2022-2023 and 2023-2024 budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the City.

The City cannot predict at this time whether there will be any further reductions and/or delays in State aid in future fiscal years. The City believes that it will mitigate the impact of any delays or proposed reductions in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, reducing staffing levels, and/or by any combination of the foregoing.

A summary of State aid payments received by the City for the last five available fiscal years, and the amounts budgeted for the 2023 and 2024 fiscal years can be found on the following page.

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund State Aid</u>	<u>Total General Fund Revenues</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018	\$2,746,215	\$16,826,458	16.32%
2019	3,036,394	16,781,671	18.09%
2020	3,652,569	17,037,945	21.44%
2021	673,350 ¹	18,212,683	3.70%
2022	2,899,350	19,660,307	14.75%
2023 (Budgeted)	2,540,113	18,589,212	13.66%
2024 (Budgeted)	2,685,113	18,680,231	14.37%

Source: Audited Annual Financial Reports of the City and adopted budgets of the City.

Notes: This table is not audited.

¹ The City also received \$1,942,613 of AIM funds. This was classified in the Audited Annual Financial Reports as Miscellaneous Revenue.

Sales Tax

The City is dependent to a slight degree on the portion of sales tax revenues it receives from the County. The County has a local sales tax rate of 3.125%. Of the first 3%, the County retains 50%, and distributes 50% to cities, towns and villages based half on population and half on property value. The additional 0.125% is distributed to cities, towns and villages as above. Beginning in 2016, \$500,000 of the 0.125% is set aside annually to be split between the city of Canandaigua and the City. Between 2017 and 2023 this amount may be increased \$25,000 a maximum of three times of the total annual amount of sales tax revenues received by the County increases by at least 0.5% over the prior year. If the sales tax collections fall below the 2004 base year amounts, the decrease will be calculated and allocated as above, with the exception that the set-asides will not apply. If the sales tax collections are more than the 2004 base year amounts, but not enough to cover the set-asides in full, the increase will be allocated equally to the cities as payment in full of those set-asides. The terms of this agreement remained in effect until December 31, 2023; thereafter the agreement shall continue indefinitely unless the County or one of the cities opts out after providing one year’s notice.

A summary of sales tax payments received by the City for the last five available fiscal years, and the amounts budgeted for the 2023 and 2024 fiscal years are as follows:

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund Sales Tax</u>	<u>Total General Fund Revenues</u>	<u>Percentage of Total Revenues Consisting of Sales Taxes</u>
2018	\$3,573,719	\$16,826,458	21.24%
2019	3,728,532	16,781,671	22.22%
2020	3,584,397	17,037,945	21.04%
2021	4,394,004	18,212,683	24.13%
2022	4,753,374	19,660,307	24.18%
2023 (Budgeted)	4,100,000	18,589,212	22.06%
2024 (Budgeted)	4,182,000	18,680,231	22.39%

Source: Annual Financial Reports as submitted to the State Comptroller’s Office and the adopted budgets of the City.

Note: This table is NOT audited.

Expenditures

The major categories of expenditure for the City are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently available fiscal years ending December 31, 2022 and the budgeted expenditures for the 2023 and 2024 fiscal years may be found in APPENDIX A – Financial Information.

The State Comptroller’s Fiscal Stress Monitoring System

The Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” is “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller has the City’s fiscal score as 8.3% putting it in the “No Designation” category. This follows scores of 34.2% in the prior year and 21.3% in the year prior to last.

Further information on the fiscal stress rating system can be found on the State Comptroller’s website. Reference to the website implies no warranty of accuracy of the information therein.

Fiscal Stress and State Emergency Financial Control Boards

Pursuant to Article IX, Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal

services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above. School districts and fire districts are not eligible for FRB assistance.

Several municipalities in the State are presently working with the FRB. The City has not requested FRB assistance nor does it expect to do so in the foreseeable future.

Employee Pension Benefits

Substantially all employees of the City are members of the State and Local Employees' Retirement System ("ERS") or the State Local Police and Fire Retirement System ("PFRS"). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The ERS and PFRS together are generally also known as the "Common Retirement Fund." The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers.

Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before April 2, 2012 must contribute 3% of gross annual salary, for the first ten years of service, toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of service credit. All benefits generally vest after five years of credited service.

On December 10, 2009, former Governor Paterson signed into law pension reform legislation. The legislation created a new Tier 5 pension level, the then-most significant reform of the State's pension system in more than a quarter-century. Key components of Tier 5 included raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62; requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, increasing the minimum years of service required to draw a pension from five years to 10 years; capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages; and increasing the vesting period from five years to 10 years. Tier 5 applies to public employees hired on or after January 1, 2010 and on or before April 1, 2012.

On March 16, 2012, former Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provided for a new Tier 6 for employees hired after April 1, 2012. The Division of the Budget estimated the new tier will save the State and local governments outside of New York City \$80 billion over the next 30 years. The new pension tier has progressive contribution rates between 3% and 6%; increased the retirement age for new employees from 62 to 63; and included provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; the time period for calculation of final average salary was increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also included a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

The State's enacted budget for the 2022-23 fiscal year, which was signed into law on April 9, 2022, reduced the number of years of service credit required to vest from ten years to five years for Tier 5 and Tier 6. In addition, the enacted

budget changed the contribution rate to the system for Tier 6 members from April 1, 2022 through March 31, 2024 to be determined on only the base pay, not including any overtime compensation, earned between April 1, 2020 through March 31, 2022, so as to not penalize those members that worked overtime to provide essential services during the COVID-19 pandemic. Further, the annual earnings limit of \$35,000 has been waived for any retiree working in a public school through June 30, 2024.

The following schedule reflects the City’s contribution to the ERS and PFRS for the last five fiscal years and the amounts budgeted for the 2024 fiscal year:

Fiscal Year Ending December 31:	<u>ERS</u>	<u>PFRS</u>
2019	\$693,212	\$997,437
2020	705,902	1,070,625
2021	760,827	1,236,235
2022	677,692	1,206,138
2023	602,850	1,221,756
2024 (Budgeted)	575,786	1,240,364

The City is current with all its pension obligations and prepays all pension payments in December of each year to take advantage of the discounted payment amount offered by the system for paying pension obligations in advance of the February 1 due date.

Pursuant to Chapter 49 of the Laws of 2003, the City is required to contribute a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the wake of the 2008 and 2009 financial crisis, the Retirement System’s portfolio experienced negative investment performance and severe downward trends in market earnings. As a result, the State Comptroller announced that the employer contribution rate for the State’s Retirement Systems in 2012 and subsequent years would be higher than the minimum contribution rate established by Chapter 49. For fiscal year 2024-25 average ERS contributions will increase from 13.1% to 15.2% of payroll and PFRS will increase from 27.8% to 31.2%. The System posted a -4.14% return for the fiscal year that ended March 31, 2023.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that such amortizing employer has no currently unpaid prior amortized amount, for future use.

The 2013-14 State Budget established an Alternative Contribution Stabilization Program (“ACSP”) which allowed local governments and school districts to lessen the cash impact of current increases in pension contributions, while repaying the deferrals with interest as well as contributing to a reserve account to dampen future rate increases. Eligible participating employers had the opportunity to make a one-time election in the 2013-14 fiscal year to the ACSP. Interest rates charged on deferrals to participants in the ACSP program were to be charged a rate comparable to a 10-year treasury bond adjusted to a 12-year duration, plus one percent. Once a participating employer elected into the program, deferred contributions could be amortized over a period of up to 12 years using the ACSP. Prior to April 2023, a participant could not withdraw from the program; however, as part of the State’s enacted budget for the 2023-24 a provision was included

that now allows a participant to withdraw provided that certain conditions are met, including the requirement that all previous amortizations are paid in full plus interest. If a municipality withdraws from the program, it cannot rejoin at a later date. The plan reduced pension contributions for local governments and school districts in the near future but required higher payments later on. However, those higher payments in later years could be offset, at least in part, by savings from the new pension tier, Tier 6.

The City has not chosen to participate in either program.

The investment of monies and underlying assumptions of the Retirement Systems covering the City’s employees are not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAAL”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from, the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems’ administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

It should be noted that the City provides other post-employment benefits (“OPEB”) to various categories of former employees. GASB Statement No. 45 (“GASB 45”) requires state and local governments to account for and report their costs associated with OPEB as it accounts for vested pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. GASB 45 required them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts do not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributed an amount less than the ARC, a net OPEB obligation would result, which was required to be recorded as a liability on its financial statements. GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and its compliance in meeting its ARC.

In June 2015 the Governmental Accounting Standards Board issued GASB Statement 75 (“GASB 75”), which superseded and eliminated GASB 45. GASB 75 established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities or school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 was required to be implemented for all municipalities and school districts for the fiscal years beginning after June 2017. Actuarial valuation is required every two years for OPEB plans under GASB 75.

The City’s annual OPEB expense and liability for the last five available fiscal years under GASB 75 are as follows:

<u>Fiscal Year</u> <u>Ending December 31:</u>	<u>Annual Change</u> <u>in OPEB Liability</u>	<u>Total OPEB Liability</u>
2018	(\$4,855,978)	\$40,048,615
2019	3,180,340	43,228,955
2020	(419,915)	42,809,040
2021	(10,444,039)	32,365,001
2022	(9,086,324)	23,278,677

There is no authority in current state law to establish a reserve fund to meet this liability. While State Comptroller DiNapoli proposed a bill in both 2015 and 2016 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation did not advance past the committee stage.

The City continues to meet this liability on a pay-as-you-go basis.

Additional information about GASB 45, GASB 75, and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The City derives its power to levy an *ad valorem* real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the City are prepared by the City assessor. Assessment valuations are determined by the City assessor and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations.

The City derives a significant portion of its annual revenue through a direct real property tax. The table on the following page presents the total tax levy tax rates and collection performance for each of the last five fiscal years.

Tax Levy and Collection Record

	Fiscal Year Ending December 31:				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Taxes on Roll/Net Tax Levy	\$7,022,573	\$7,597,405	\$7,930,655	\$8,415,439	\$8,428,865
Other Items on Roll:					
Business Improvement Tax	101,116	127,806	128,790	129,206	116,517
DPW Charges	300,178	337,409	331,699	347,020	381,660
Net Taxes and Other Items:	\$7,423,867	\$8,062,620	\$8,391,144	\$8,891,665	\$8,927,042
Collections During Year ¹	<u>7,130,744</u>	<u>7,706,406</u>	<u>7,938,977</u>	<u>8,657,004</u>	<u>5,751,995</u> ²
Total Uncollected Taxes ¹	\$293,123	\$356,215	\$3,066,093	\$234,661	\$3,175,047
Percentage Collected ¹	96.05%	95.58%	94.61%	97.36%	64.43%
Tax Rate / \$1,000 Assessed Valuation:	\$17.17	\$16.19	\$16.16	\$17.23	\$17.25

Source: City Officials.

Note: ¹ Amounts shown include receipt of delinquent taxes levied in prior years.

² Amounts collected as of the April 9, 2024.

Percentage of Revenues - Real Property Taxes

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund Taxes</u>	<u>Total General Fund Revenues</u>	<u>Percentage of Total Revenues Consisting of Taxes</u>
2018	\$8,503,355	\$16,826,458	50.54%
2019	8,235,500	16,781,671	49.07%
2020	8,206,407	17,037,945	48.17%
2021	9,504,196	18,212,683	52.18%
2022	9,595,755	19,660,307	48.81%
2023 (Budgeted)	8,425,324	18,589,212	45.32%
2024 (Budgeted)	8,428,873	18,680,231	45.12%

Source: Audited Annual Financial Reports of the City and adopted Budgets of the City.

Tax Collection Procedure

City taxes and taxes directed to be levied by the Board of Supervisors of Ontario County for County and other lawful purposes in the City, for each fiscal year, are due and payable in two equal installments during the business days of the months of January and May of each year, which are defined as the collection periods. Whenever the last day to pay taxes without penalty falls on Saturday, Sunday or a legal holiday, such taxes may be paid without penalty on the next business day. If any installment of such tax is not paid when due as herein above described, such installment is delinquent. Thereupon, a penalty of five percent is added to the unpaid installment and an additional one percent is added thereafter for each additional month or fraction thereof. Any person may pay the total amount of any such tax for which he is liable at the time when the first installment is payable.

The City collects its own taxes and is responsible for the collection of its own delinquent taxes. Tax sales are held annually in August for the previous year's taxes. The City also collects taxes levied, upon properties within its boundaries, by the County. County taxes are payable under the same terms and conditions as City taxes. The City is responsible for uncollected taxes due the County and therefore pays the County its levy in full. Uncollected County taxes become the responsibility of the City.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York, which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. The State's enacted budget for the fiscal year ending March 31, 2020 made the Tax Levy Limitation Law permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitations for such coming fiscal year only.

There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation

from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Constitutional Tax Limit

The Constitution limits the amount that may be raised by the City *ad valorem* tax levy on real property in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real property of the City plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the City for the 2024 fiscal year is as follows:

Five-Year Average Full Valuation	\$511,342,063
Constitutional Tax Limit: (2%)	10,226,841
Tax Levy General City Purposes	8,911,922
Less: Exclusions for Debt and Capital Purposes	3,332,077
Tax Levy Subject to Tax Limit	5,579,845
Percentage of Tax Limit Exhausted	54.56%
<u>Constitutional Tax Margin</u>	<u>\$4,646,996</u>

Source: Constitutional Tax Limit Worksheet as submitted to the State Comptroller’s Office by the City.

Ten Largest Taxpayers 2023 Assessment Roll for 2024 Taxes

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYSEG	Utility	\$12,086,489
Wegmans Food Markets, Inc.	Commercial	6,329,500
Geneva Shopping Center, LLC	Plaza	6,325,500
Geneva General Hospital (Finger Lakes Health)	Hospital	4,984,100
Lake Street Hotel, LLC (Hampton Inn)	Hotel	3,333,500
Verizon	Utility	2,774,926
Lyons National Bank	Financial Services	2,687,000
Massa Family LLC / Massamiliano Family LLC	Commercial	2,638,000
MK-Menlo Property Owner LLC (Rite Aid)	Retail	2,360,000
Five Star Bank (National Bank of Geneva)	Financial Services	2,314,000
	Total	<u>\$45,833,015</u> ¹

Source: City Officials.

Notes: ¹ The above ten taxpayers represent 9.36% of the City's 2024 assessed valuation of \$488,630,334.

LITIGATION

In common with other local governments and school districts, the City from time to time receives notices of claim and is party to litigation. In the opinion of the City, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the City has not asserted a substantial and adequate defense, nor which if determined against the City, would have an adverse material effect on the financial condition of the City.

The City had previously received Notices of Claim related to the City's previous ownership of the Geneva Foundry Site. All such matters have either been dismissed or settled, resulting in no adverse effects on the City's financial condition.

The City has received Notices of Claim arising out of flooding events in April and July 2023. These claims have been referred to the City's liability insurance carrier and defense counsel have been assigned to defend the City's interests. It is unlikely these claims will have an adverse effect on the City's financial condition.

The City does not believe the matters discussed above (nor any other actions, suits, proceedings or investigations, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City) would restrain or enjoin the issuance, sale or delivery of the Bonds and the Notes or the levy and collection of taxes or assessments to pay same, or in any way contest or affect the validity of the Bonds and the Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Bonds and the Notes or contest the corporate existence or boundaries of the City.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the GML provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds and the Notes in the event of a default in the payment of the principal of or interest on the Bonds and the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code (the "Bankruptcy Code") allows public bodies recourse to the protection of a federal court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted at the 1975 Extraordinary Session of the State Legislature, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has ever been declared with respect to the City.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The

fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.”

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

The financial and economic condition of the City as well as the market for the Bonds and the Notes could be affected by a variety of factors, some of which are beyond the City’s control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds and the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and the Notes could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In some years, the City has received delayed payments of State aid which resulted from the State’s delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also “State Aid”).

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, could have an impact upon the finances and operations of the City and hence upon the market price of the Bonds and the Notes. See “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. To mitigate the risks of impact on the City operations and/or damage from cyber incidents or cyber-attacks, the City has invested in cybersecurity and other operational controls. While the City continues to review its policies and practices in this regard, there can be no assurances that such security and operational control measures will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and spread globally, including to the United States, and to New York State, was declared a pandemic by the World Health Organization. The outbreak of the disease affected travel, commerce, and financial markets globally. Efforts to contain the spread of COVID-19 reduced the spread of the virus and the restrictions put in place following the initial outbreak have largely been rescinded. The federal coronavirus public health emergency expired in May 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s and City’s operations and financial condition may not be known for some time. Any resurgence of COVID-19 could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City continues to monitor the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes will

be and remain excludable from gross income under Section 103 of the Code. Included among these continuing requirements are certain restrictions on the investment of proceeds and other amounts, and the rebate to the United States of certain earnings in respect of such investments. Failure to comply with the continuing requirements may cause the interest on the Bonds and the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs or is ascertained. The City has covenanted to comply with certain procedures, and has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code.

In the opinion of Hancock Estabrook, LLP, Syracuse, New York (“Bond Counsel”) to the City, assuming continuing compliance by the City with the covenants, and the accuracy of the representations and certifications, referenced above, under existing law interest on the Bonds and the Notes is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds and the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observes that interest on the Bonds and the Notes included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds and the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof including the City of New York. Bond Counsel will express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of tax exempt obligations may have collateral federal income tax consequences for certain taxpayers, including but not limited to, financial institutions, certain subchapter S corporations, United States branches of foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exemption obligations. The foregoing is not intended as an exhaustive list of potential tax consequences. Prospective purchasers should consult their tax advisors as to any possible collateral consequences in respect of the Bonds and the Notes. Bond Counsel will not express any opinion regarding any such collateral consequences.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Bonds and the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner; or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability, provided the required information is furnished to the IRS.

The Bonds and the Notes will NOT be designated (or deemed designated) as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Bonds and the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law and could affect the market price for, or the marketability of, the Bonds and the Notes. Prospective purchasers of the Bonds and the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds and the Notes may affect the tax status of interest on the Bonds and the Notes.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes are subject to the approving legal opinion of Hancock Estabrook, LLP, Syracuse, New York, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Bonds and the Notes.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the City will enter into an Continuing Disclosure Undertaking with respect to the Bonds and an Undertaking to Provide Notice of Certain Designated Events with respect to the Notes, the forms of which are attached hereto as APPENDIX C.

Historical Compliance with Existing Continuing Disclosure Undertakings:

While the City did file its Statement of Annual Financial Information and Operating Data for the fiscal year ending December 31, 2019 prior to the last day of the subsequent fiscal year, such information was not filed within 60 days of receipt of the audited financial statements as required pursuant to the City’s prior continuing disclosure undertakings. Further, the City did not file the Statement of Annual Financial Information and Operating Data nor audited financial statements for the fiscal year ending December 31, 2021 prior to the last day of the subsequent fiscal year. As of the date of this Official Statement all required filings have been posted.

Other than these above mentioned instances, the City has been in compliance, in all material respects, with its obligations under previous undertakings entered into accordance with the Rule.

RATING

An application has been made to S&P Global Ratings for a rating assignment on the Bonds. The City has not applied for a rating on the Notes.

S&P Global currently rates the outstanding long-term debt of the City “AA- (Stable Outlook)”. Such rating reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, rating agencies base their ratings on rating investigation, studies and assumptions they have made in addition to the information and materials provided by the issuer. There is no assurance that a particular rating will apply for any given period of time or that it will be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the ratings, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds and the Notes. Such ratings should not be taken as a recommendation to buy or hold the Bonds and the Notes.

MUNICIPAL ADVISOR

Municipal Solutions, Inc. is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities. In preparing the Official Statement, Municipal Solutions, Inc. has relied upon City officials and other sources, whom have access to relevant data to provide accurate information for this Official Statement, and Municipal Solutions, Inc. has not been engaged, nor has it undertaken to independently verify the accuracy of such information. Municipal Solutions, Inc. is not a firm of certified public accountants and has not been engaged by the issuer to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards and principles.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the finance office of the City, 47 Castle Street, Geneva, New York 14456, telephone number 315-828-6582, or from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: <http://www.municipalsolution.com>.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the original purchasers or holders of any of the Bonds and the Notes.

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the City and may not be reproduced or used in whole or in part for any other purpose.

So far as any statements made in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City’s management’s beliefs as well as assumptions made by, and information available to, the City management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City files with EMMA. When used in City documents or oral presentations, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

Municipal Solutions, Inc. will place a copy of this Official Statement on its website. Unless the Official Statement specifically indicated otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Municipal Solutions, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Municipal Solutions, Inc., and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Municipal Solutions, Inc. and the City also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Hancock Estabrook, LLP, Syracuse, New York, Bond Counsel to the City, has not expressed an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds and the Notes, including but not limited to, the financial, demographic or statistical information in this Official Statement (except as may be set forth in any opinion letter delivered in connection with the issuance of the Bonds and the Notes).

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

April 10, 2023
Geneva, New York

By: /s/ Stefanie Newcomb
Comptroller and Chief Fiscal Officer

Additional copies of the Notices of Sale and Official Statement may be obtained upon request from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone (585) 394-4090. Website: www.municipalsolution.com

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund - City of Geneva

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes & Tax Items	\$8,503,355	\$8,235,500	\$8,206,407	\$9,504,196	\$9,595,755
Non-Property Tax Items	4,063,418	4,202,809	3,918,490	4,901,324	5,276,200
Departmental Income	519,465	512,131	335,530	341,319	456,980
Intergovernmental Charges	495,785	422,819	357,842	287,980	304,501
Use of Money & Property	35,113	35,387	23,478	22,174	32,619
Licenses & Permits	109,644	55,736	67,361	50,733	75,380
Fines & Forfeitures	65,654	81,822	39,200	170,338	57,670
Sale of Property & Comp. for Loss	106,956	29,267	200,036	23,241	38,801
Miscellaneous Local Sources	180,471	168,882	235,664	2,097,429	56,668
State & Federal Aid	2,746,597	3,037,318	3,653,937	813,949	3,765,733
Total Revenues:	<u>\$16,826,458</u>	<u>\$16,781,671</u>	<u>\$17,037,945</u>	<u>\$18,212,683</u>	<u>\$19,660,307</u>
Expenditures:					
General Government Support	\$1,980,632	\$2,485,059	\$1,995,098	\$1,987,999	\$2,121,348
Public Safety	5,637,184	5,853,870	5,629,943	5,543,600	5,916,593
Transportation	1,338,262	1,298,328	1,161,275	1,149,083	1,384,114
Economic Assistance & Opportunity	662,170	289,764	243,020	400,508	541,814
Culture & Recreation	1,083,427	1,125,824	1,248,617	1,010,556	1,199,426
Home & Community Service	395,730	996,633	1,604,959	258,072	506,143
Employee Benefits	3,909,099	3,912,483	4,029,699	4,139,350	4,056,013
Debt Service	2,408,083	2,441,332	1,875,336	2,862,498	2,622,979
Total Expenditures:	<u>\$17,414,587</u>	<u>\$18,403,293</u>	<u>\$17,787,947</u>	<u>\$17,351,666</u>	<u>\$18,348,430</u>
Other Sources and Uses:					
Operating Transfers In ¹	\$957,688	\$1,124,794	\$1,239,033	\$406,410	\$754,153
Payment on Refunded Debt	(1,903,250)	0	0	0	0
Proceeds on Refunding Debt	2,003,049	0	0	0	0
Operating Transfers Out	0	(353,195)	(735,000)	(119,176)	(864,514)
Total Other Sources & Uses:	<u>\$1,057,487</u>	<u>\$771,599</u>	<u>\$504,033</u>	<u>\$287,234</u>	<u>(\$110,361)</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$469,358</u>	<u>(\$850,023)</u>	<u>(\$245,969)</u>	<u>\$1,148,251</u>	<u>\$1,201,516</u>
Fund Balance Beg. of Fiscal Year	<u>\$3,837,770</u>	<u>\$4,307,128</u>	<u>\$3,457,105</u>	<u>\$3,211,136</u>	<u>\$4,359,387</u>
Fund Balance End of Fiscal Year	<u>\$4,307,128</u>	<u>\$3,457,105</u>	<u>\$3,211,136</u>	<u>\$4,359,387</u>	<u>\$5,560,903</u>

Source: Audited Annual Financial Reports of the City.

Notes: ¹ Interfund transfers in are largely related to chargebacks from the water and sewer funds for administrative services provided for as part of the annual budget process

This table is NOT audited.

Statement of Revenues, Expenses and Changes In Net Position
Sewer Fund - City of Geneva

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Operating Revenues:					
Charges for Services	\$4,888,225	\$4,870,209	\$4,902,567	\$4,887,342	\$4,952,147
Other Operating Revenue	122,229	77,795	130,548	0	0
Total Operating Revenues:	<u>\$5,010,454</u>	<u>\$4,948,004</u>	<u>\$5,033,115</u>	<u>\$4,887,342</u>	<u>\$4,952,147</u>
Operating Expenditures:					
Salaries, Wages & Employee Benefits	\$896,716	\$1,684,391	\$2,459,065	\$1,260,300	\$1,249,177
Contractual Expense	1,389,390	1,144,660	857,990	1,304,352	729,093
Other Expenses	0	0	0	1,098,727	210,533
Depreciation	1,793,629	2,254,605	2,157,328	2,272,782	2,207,886
Total Operating Expenditures:	<u>\$4,079,735</u>	<u>\$5,083,656</u>	<u>\$5,474,383</u>	<u>\$5,936,161</u>	<u>\$4,396,689</u>
Non-Operating Revenues (Expenditures):					
Investment Income	\$761	\$786	\$780	\$830	\$1,809
Interest Expense	(467,858)	(402,125)	(400,798)	(415,350)	(308,721)
Miscellaneous	0	0	0	378,968	296,016
Premium on BANs	24,471	30,987	20,082	0	0
State & Federal Sources	30,000	0	0	0	0
Operating Transfers In	200,000	0	0	69,952	836,812
Operating Transfers Out ¹	(576,037)	(460,402)	(511,818)	(114,867)	(283,872)
Total Non-Operating Revenues (Expenditures):	<u>(\$788,663)</u>	<u>(\$830,754)</u>	<u>(\$891,754)</u>	<u>(\$80,467)</u>	<u>\$542,044</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$142,056</u>	<u>(\$966,406)</u>	<u>(\$1,333,022)</u>	<u>(\$1,129,286)</u>	<u>\$1,097,502</u>
Fund Balance Beg. of Fiscal Year	\$6,898,938	\$7,040,994	\$6,074,588	\$4,741,566	\$3,612,273
Prior Period Adjustment	0	0	0	(7)	0
Fund Balance End of Fiscal Year	<u><u>\$7,040,994</u></u>	<u><u>\$6,074,588</u></u>	<u><u>\$4,741,566</u></u>	<u><u>\$3,612,273</u></u>	<u><u>\$4,709,775</u></u>

Source: Audited Annual Financial Reports of the City.

Notes: ¹ Operating transfers out are largely related to chargebacks to the general fund for administrative services provided for as part of the annual budget process.

This table is NOT audited.

Statement of Revenues, Expenses and Changes In Net Position
Water Fund - City of Geneva

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Operating Revenues:					
Charges for Services	\$3,690,201	\$3,547,100	\$3,655,602	\$4,082,542	\$4,098,531
Other Operating Revenue	10,794	7,042	10,067	0	0
Total Operating Revenues:	<u>\$3,700,995</u>	<u>\$3,554,142</u>	<u>\$3,665,669</u>	<u>\$4,082,542</u>	<u>\$4,098,531</u>
Operating Expenditures:					
Salaries, Wages & Employee Benefits	\$1,586,712	\$1,157,942	\$765,270	\$1,053,880	\$860,785
Contractual Expense	773,552	594,849	561,785	788,867	725,244
Other Expenses	0	0	0	528,779	1,016,969
Depreciation	681,807	1,055,241	762,600	1,032,302	59,329
Total Operating Expenditures:	<u>\$3,042,071</u>	<u>\$2,808,032</u>	<u>\$2,089,655</u>	<u>\$3,403,828</u>	<u>\$2,662,327</u>
Non-Operating Revenues (Expenditures)					
Investment Income	\$698	\$757	\$795	\$837	\$2,124
Interest Expense	(253,647)	(224,809)	(229,379)	(256,342)	(240,402)
Miscellaneous	0	0	0	17,843	23,875
Premium on BANs	50,762	35,499	27,505	0	0
Capital Contributions	0	0	11,245	0	0
Operating Transfers In	0	0	0	49,224	27,702
Operating Transfers Out ¹	(409,896)	(492,637)	(555,460)	(119,788)	(298,526)
Total Non-Operating Revenues (Expenditures):	<u>(\$612,083)</u>	<u>(\$681,190)</u>	<u>(\$745,294)</u>	<u>(\$308,226)</u>	<u>(\$485,227)</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$46,841</u>	<u>\$64,920</u>	<u>\$830,720</u>	<u>\$370,488</u>	<u>\$950,977</u>
Fund Balance Beg. of Fiscal Year	\$4,905,140	\$4,951,980	\$5,016,901	\$5,847,621	\$6,218,109
Prior Period Adjustment	(1)	1	0	0	0
Fund Balance End of Fiscal Year	<u><u>\$4,951,980</u></u>	<u><u>\$5,016,901</u></u>	<u><u>\$5,847,621</u></u>	<u><u>\$6,218,109</u></u>	<u><u>\$7,169,086</u></u>

Source: Audited Annual Financial Reports of the City.

Notes: ¹ Operating transfers out are largely related to chargebacks to the general fund for administrative services provided for as part of the annual budget process.

This table is NOT audited.

Balance Sheet
General Fund - City of Geneva

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash	\$3,626,182	\$2,008,303	\$501,372	\$4,241,679	\$5,525,258
Cash & Cash Equivalents - Restricted	0	482,136	526,188	0	0
Accounts Receivable	386,221	381,255	276,687	0	0
Taxes Receivable	638,115	578,782	900,835	0	0
Other Receivables (Net)	0	0	0	1,325,914	1,667,337
Due from Other Funds	500,001	683,593	894,611	0	0
State & Federal Receivable	664,914	936,068	1,793,026	680,513	444,416
Due from Other Governments	465,788	498,031	0	717,911	852,696
Prepaid Expenses	338,170	345,976	396,858	431,359	396,580
Total Assets:	<u>\$6,619,391</u>	<u>\$5,914,144</u>	<u>\$5,289,577</u>	<u>\$7,397,376</u>	<u>\$8,886,287</u>
Liabilities:					
Accounts Payable	\$221,100	\$338,920	\$114,268	\$317,349	\$360,960
Accrued Liabilities	30,493	25,150	17,882	0	0
Overpayments & Collections in Advance	0	0	0	3,033	3,276
Unearned Revenues	1,798,195	1,798,195	1,439,556	1,793,195	1,793,195
Other Liabilities	2,026	2,026	4,707	517,058	295,286
Total Liabilities:	<u>\$2,051,814</u>	<u>\$2,164,291</u>	<u>\$1,576,413</u>	<u>\$2,630,635</u>	<u>\$2,452,717</u>
Deferred Inflows of Resources:					
Deferred Tax Revenue	\$260,449	\$292,748	\$502,028	\$407,354	\$872,667
Fund Balances:					
Nonspendable	\$338,170	\$345,976	\$396,858	\$431,359	\$396,580
Restricted	611,527	532,136	526,188	630,286	543,943
Assigned	416,282	296,348	314,696	301,852	135,000
Unassigned	2,941,149	2,282,645	1,973,394	2,995,890	4,485,380
Total Fund Balance:	<u>\$4,307,128</u>	<u>\$3,457,105</u>	<u>\$3,211,136</u>	<u>\$4,359,387</u>	<u>\$5,560,903</u>
Total Liabilities & Fund Balance:	<u>\$6,619,391</u>	<u>\$5,914,144</u>	<u>\$5,289,577</u>	<u>\$7,397,376</u>	<u>\$8,886,287</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Statement of Net Position
Sewer Fund - City of Geneva

Fiscal Year Ending December 31:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Cash Equivalents	\$628,237	\$0	\$165,098	\$1,379,703	\$2,015,306
Cash & Cash Equivalents Restricted	804,194	1,820,362	1,678,701	0	0
Accounts Receivable	1,211,371	1,324,044	1,275,720	1,282,281	1,231,209
Prepaid Expenses	42,806	40,239	37,364	41,859	36,083
Net Pension Asset	0	0	0	0	314,349
Capital Assets Not Being Depreciated	5,283,615	4,568,438	3,926,772	3,608,620	4,556,389
Capital Assets, Net of Accumulated Depreciation	26,050,581	26,459,901	26,410,662	23,977,938	21,937,453
Deferred Outflow of Resources	540,281	482,001	1,112,077	1,222,900	862,056
Total Assets:	<u>\$34,561,085</u>	<u>\$34,694,985</u>	<u>\$34,606,394</u>	<u>\$31,513,301</u>	<u>\$30,952,845</u>
Liabilities:					
Accounts Payable	\$87,259	\$270,754	\$191,731	\$53,808	\$95,963
Accrued Interest Payable	235,526	190,977	167,993	114,496	96,289
Due to Other Funds	0	81,683	0	0	0
Due to Employee Retirement System	0	0	0	3,747	0
Bond Anticipation Notes Payable	2,495,000	4,709,200	5,540,200	3,726,000	3,930,000
Long-term Liabilities:					
Due & Payable Within One Year	1,359,071	1,327,130	1,353,159	1,433,163	1,330,840
Due & Payable After One Year	22,536,195	21,544,654	22,054,596	20,104,261	18,318,900
Deferred Inflow of Resources	807,040	495,999	557,149	2,465,553	2,471,078
Total Liabilities:	<u>\$27,520,091</u>	<u>\$28,620,397</u>	<u>\$29,864,828</u>	<u>\$27,901,028</u>	<u>\$26,243,070</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$7,308,120	\$6,896,334	\$6,185,535	\$3,580,913	\$4,784,685
Restricted for Capital Projects	237,721	253,911	253,974	254,037	254,038
Unrestricted	(504,847)	(1,075,657)	(1,697,943)	(222,677)	(328,948)
Total Net Position:	<u>\$7,040,994</u>	<u>\$6,074,588</u>	<u>\$4,741,566</u>	<u>\$3,612,273</u>	<u>\$4,709,775</u>
Total Liabilities & Net Position:	<u>\$34,561,085</u>	<u>\$34,694,985</u>	<u>\$34,606,394</u>	<u>\$31,513,301</u>	<u>\$30,952,845</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Statement of Net Position
Water Fund - City of Geneva

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash & Cash Equivalents	\$660,277	\$0	\$0	\$3,184,146	\$4,013,547
Cash & Cash Equivalents - Restricted	3,481,629	3,256,168	3,848,167	0	0
Accounts Receivable	1,006,250	1,257,629	1,124,068	1,198,249	1,196,822
Prepaid Expenses	28,757	27,767	30,550	34,683	30,445
Net Pension Asset	0	0	0	0	259,679
Capital Assets Not Being Depreciated	5,556,407	6,754,338	1,577,563	1,260,800	1,311,342
Capital Assets, Net of Accumulated Depreciation	12,354,462	11,474,054	16,642,955	15,839,605	14,876,186
Deferred Outflow of Resources	375,355	753,369	1,035,073	1,225,361	847,808
Total Assets:	<u>\$23,463,137</u>	<u>\$23,523,325</u>	<u>\$24,258,376</u>	<u>\$22,742,844</u>	<u>\$22,535,829</u>
Liabilities:					
Accounts Payable	\$52,868	\$67,043	\$96,522	\$46,629	\$33,295
Accrued Interest Payable	219,298	144,446	115,620	72,941	56,762
Due to Other Funds	0	601,910	894,611	0	0
Due to Employee Retirement System	0	0	0	(3,747)	0
Bond Anticipation Notes Payable	5,175,000	5,395,000	4,892,500	957,500	1,200,000
Long-Term Liabilities:					
Due & Payable Within One Year	876,060	901,807	594,123	766,057	740,944
Due & Payable After One Year	11,097,616	10,386,585	11,020,398	12,326,129	10,883,069
Deferred Inflow of Resources	1,090,315	1,009,633	796,981	2,359,226	2,452,673
Total Liabilities:	<u>\$18,511,157</u>	<u>\$18,506,424</u>	<u>\$18,410,755</u>	<u>\$16,524,735</u>	<u>\$15,366,743</u>
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$8,202,917	\$8,493,787	\$9,226,938	\$5,613,138	\$2,873,843
Restricted for Capital Projects	347,210	447,297	447,409	734,174	447,521
Unrestricted	(3,598,147)	(3,924,183)	(3,826,726)	(129,203)	3,847,722
Total Net Position:	<u>\$4,951,980</u>	<u>\$5,016,901</u>	<u>\$5,847,621</u>	<u>\$6,218,109</u>	<u>\$7,169,086</u>
Total Liabilities & Net Position:	<u>\$23,463,137</u>	<u>\$23,523,325</u>	<u>\$24,258,376</u>	<u>\$22,742,844</u>	<u>\$22,535,829</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Budget Summaries**City of Geneva**

Fiscal Year Ending December 31, 2023

	<u>General</u>	<u>Sewer</u>	<u>Water</u>
Revenues:			
Real Property Tax	\$8,425,324	\$0	\$0
Real Property Tax Items	1,655,125	0	0
Non-Property Taxes	4,520,000	0	0
Departmental Income	630,550	3,996,364	3,446,358
Intergovernmental Income	264,000	786,068	0
Use of Money & Property	53,600	800	800
Licenses & Permits	86,000	150,000	0
Fines & Forfeitures	120,500	0	0
Sales of Property & Comp. for Loss	151,000	0	0
Miscellaneous Local Sources	143,000	0	0
State Aid	2,540,113	0	0
Federal Aid	30,000	0	0
Appropriated Fund Balance	95,000	0	0
Use of Reserves	40,000	0	80,000
Interfund Transfers ¹	<u>205,000</u>	<u>0</u>	<u>0</u>
Total Revenues:	<u>\$18,959,212</u>	<u>\$4,933,232</u>	<u>\$3,527,158</u>
Expenditures:			
General Government Support	\$2,462,315	\$0	\$0
Public Safety	5,808,632	0	0
Transportation	1,947,280	0	0
Economic Assistance & Opportunity	202,200	0	0
Culture & Recreation	1,435,272	0	0
Home & Community Services	247,973	2,797,239	1,862,393
Employee Benefits	4,699,770	669,681	444,219
Debt Service	2,155,705	1,389,456	1,016,742
Interfund Transfers ¹	<u>65</u>	<u>76,856</u>	<u>203,804</u>
Total Expenditures:	<u>\$18,959,212</u>	<u>\$4,933,232</u>	<u>\$3,527,158</u>

Source: Adopted Budget of the City.

Notes: ¹ Related to chargebacks between general, water, and sewer funds for administrative services.

This table NOT audited.

Budget Summaries

City of Geneva

Fiscal Year Ending December 31, 2024

	<u>General</u>	<u>Sewer</u>	<u>Water</u>
Revenues:			
Real Property Tax	\$8,428,873	\$0	\$0
Real Property Tax Items	1,599,720	0	0
Non-Property Taxes	4,642,000	0	0
Departmental Income	674,250	3,746,500	3,210,000
Intergovernmental Income	165,000	786,068	0
Use of Money & Property	70,000	2,000	13,000
Licenses & Permits	74,000	150,000	0
Fines & Forfeitures	57,175	0	0
Sales of Property & Comp. for Loss	126,000	0	0
Miscellaneous Local Sources	158,100	80,000	20,000
State Aid	2,685,113	0	0
Federal Aid	30,000	0	0
Appropriated Fund Balance	0	341,000	182,000
Use of Reserves	0	150,000	51,000
Interfund Transfers ¹	<u>792,998</u>	<u>0</u>	<u>0</u>
Total Revenues:	<u>\$19,503,229</u>	<u>\$5,255,568</u>	<u>\$3,476,000</u>
Expenditures:			
General Government Support	\$2,490,222	\$72,000	\$52,500
Public Safety	6,502,915	0	0
Transportation	1,807,961	0	0
Economic Assistance & Opportunity	220,000	0	0
Culture & Recreation	1,483,712	0	0
Home & Community Services	251,696	2,558,073	1,847,279
Employee Benefits	4,100,466	514,909	307,767
Debt Service	2,646,257	2,110,186	1,267,547
Interfund Transfers ¹	<u>0</u>	<u>400</u>	<u>907</u>
Total Expenditures:	<u>\$19,503,229</u>	<u>\$5,255,568</u>	<u>\$3,476,000</u>

Source: Adopted Budget of the City.

Notes: ¹ Related to chargebacks between general, water, and sewer funds for administrative services.

This table NOT audited.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

**CITY OF GENEVA
ONTARIO COUNTY, NEW YORK**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED BY THE CITY'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORTS IN THIS OFFICIAL STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

**CITY OF GENEVA
Ontario County, New York**

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2022



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Geneva, Ontario County, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, Ontario County, New York, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City of Geneva, Ontario County, New York's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in City's total OPEB liability and related ratio, schedule of the City's proportionate share of the net pension liability, schedule of City contributions, and budgetary comparison information on pages 4-17 and 61-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 on our consideration of City of Geneva, Ontario County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Geneva, Ontario County, New York's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 29, 2023

Management's Discussion and Analysis

City of Geneva, New York

Fiscal Year ended December 31, 2022

This section of City of Geneva, New York's (the City) annual financial report presents its discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2022. Please read it in conjunction with the City's financial statements, which immediately follow this section. In this section.

Financial Highlights

Fiscal Year 2022 showed continued recovery for City operations after a slight financial backslide in 2020 as the City faced the challenges of the COVID-19 pandemic. General fund revenue grew by 7.9% in 2022 while expenditures increased by 5.7% in comparison to 2021.

Overview of the Financial Statements

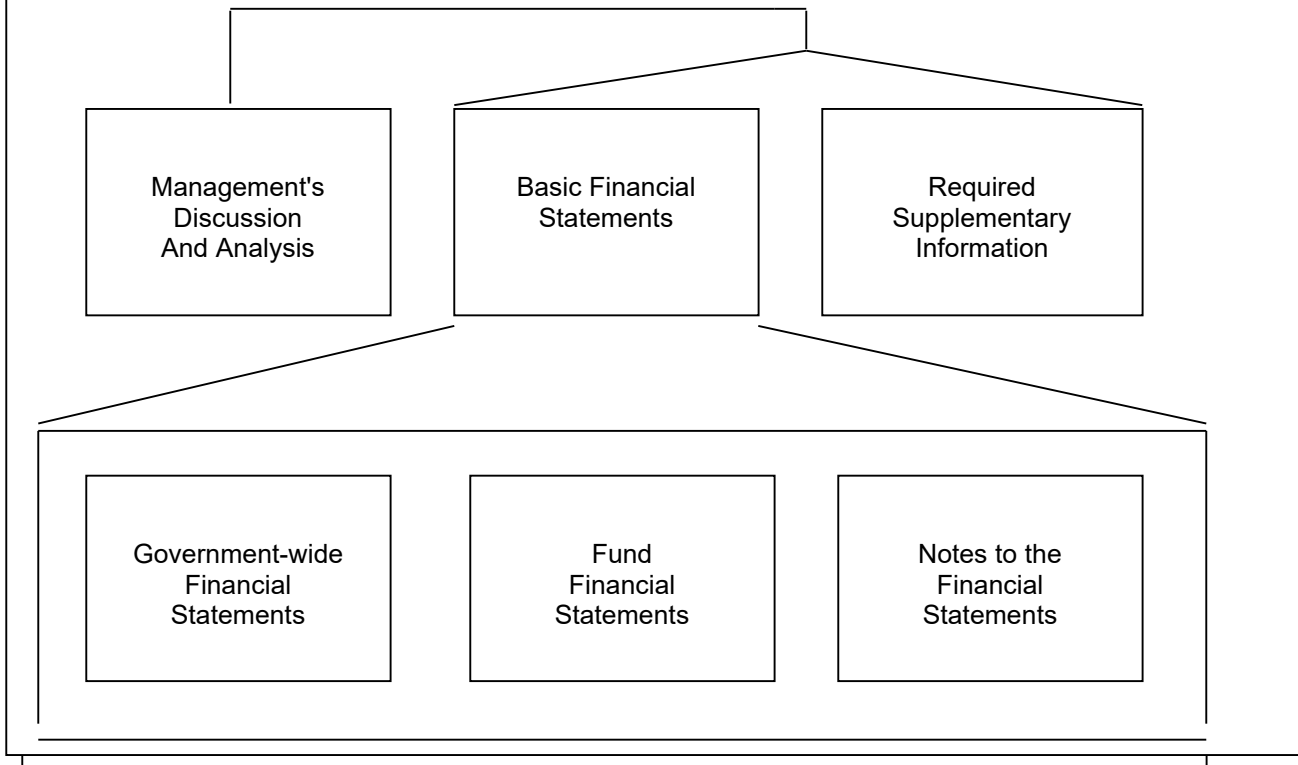
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a custodian.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of City of Geneva, New York's Annual Financial Report



The Geneva City Council convenes annually to develop a plan of work for the coming year. In 2016, the City Council reaffirmed its Mission and Vision Statement, and its Strategic Imperatives—a set of core strategies designed to propel our community toward the established vision. Council’s established vision statement is:

“A City of diverse assets; a community of choice for an engaged, creative, and active citizenry; a premier destination for progressive households, businesses, and visitors.”

Council will advance toward this mission through the application of four strategic imperatives, including:

- *Economic Development:* Private investment and job creation contribute to community success through diversification of the tax base and enhancement of quality of life for our residents. City Council will continue to make investments in well thought out economic development efforts that attract high-quality commercial activity. Our efforts will be focused on those investments that enhance our posture as a regional tourism center, a haven for small, independent businesses, and promote an industrial sector that provides high-skilled, high paying jobs, while respecting our sensitive watershed environment.
- *Talent Capitalization:* Vast community resources exist in our active residents and engaged civic, business, and not-for profit partners. City Council will invest time, effort, and resources in cultivating relationships with existing and potential partners, in an effort to leverage public resources, community effort, and expertise. Infrastructure will be developed and utilized to seek out, evaluate, cultivate, and implement innovative programs and services to increase value to residents, visitors, and businesses.

- *Asset Promotion*: Active promotion of regional and community assets are critical to the development of a sound economic and community development program. In order to maintain and advance our position as a community of choice for residents, businesses, and visitors, City Council will invest resources to elevate our visibility among target audiences through effective and efficient brand distribution strategies, leveraging the resources of economic development and other community partners.
- *Pride of Place*: Promoting our community as a destination for discerning households, visitors, and businesses begins with intrinsic pride of place. Council will invest resources in efforts that engender neighborhood and community pride through programs and services that enhance the aesthetics, functionality, and safety of public spaces, and that showcase Geneva as a model community.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City’s activities they cover and types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2			
Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire government (except fiduciary funds)	The activities of the city that are not proprietary or fiduciary, such as public safety and transportation	The activities of the City in which the City charges for services
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic Resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expensed to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or financial position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the City's overall health, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

In the Statement of Net Position and the Statement of Activities, the City's activities are separated as follows:

Governmental activities - Most of the City's basic services are reported in this category, including the general government, public safety, transportation, economic assistance, culture and recreation and home and community services. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported in this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The City has three kinds of funds:

- **Governmental Funds:** Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided with the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary Funds:** These funds are generally used to account for services for which the City charges customers (both external and internal). These funds use accrual accounting, which is the same method used by the private sector. The City of Geneva has two enterprise funds. The City's enterprise funds are the water and sewer funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.

- **Fiduciary Funds:** The City is the custodian for assets that belong to others. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the City as a Whole

Financial Condition

As was noted in the previous section, the City was on a path toward financial sustainability before it was confronted by the financial and operational challenges of the COVID-19 pandemic. Fiscal Year 2022 represents a continued recovery to pre-pandemic operations, including an increase in net position in its governmental activities, liquidity, and unrestricted fund balance. By mid 2021, it started to become evident that the recovery from the pandemic would be more swift than anticipated for local governments as well as the economy as a whole, and those trends continued and accelerated in 2022.

Net position in the governmental funds increased \$13,310,677 while net position in the business-type activities increased by \$2,048,479.

What follows is an overview and analysis of the financial statements presented in later sections of this report. This is intended to provide stakeholders with the background information necessary to make informed decisions about the City financial status.

Statement of Net Position

The Statement of Net Position (Page 18) is intended to provide the reader with a “50,000 foot view” of City finances as a whole. The “tale of the tape” in terms of this statement is the “net position,” which deducts all of the City’s liabilities and deferred inflows of resources from its total assets and deferred outflows of resources. For 2022, net position for the governmental activities increased \$13,310,677 to a positive net position of \$11,216,069. Net position for the business-type activities (water and sewer operations) increased \$2,048,478 to \$11,878,861. A deficit in the governmental and business-type activities is not unusual for a governmental entity because of the financial impact of certain unfunded liabilities such as participation in state pension plans and other postemployment benefit liabilities that are long-term in nature.

	<u>Governmental Activities</u>		<u>Total</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>2022</u>	<u>2021</u>	<u>Variance</u>
ASSETS:						
Current and Other Assets	\$ 22,850,386	\$ 16,382,809	\$ 6,467,577	\$ 9,097,440	\$ 7,120,921	\$ 1,976,519
Capital Assets	50,543,464	43,289,945	7,253,519	42,681,370	44,686,963	(2,005,593)
Total Assets	\$ 73,393,850	\$ 59,672,754	\$ 13,721,096	\$ 51,778,810	\$ 51,807,884	\$ (29,074)
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Outflows of Resources	\$ 10,473,504	\$ 14,518,019	\$ (4,044,515)	\$ 1,709,864	\$ 2,448,261	\$ (738,397)
LIABILITIES:						
Long-Term Debt Obligations	\$ 32,142,971	\$ 43,085,481	\$ (10,942,510)	\$ 31,273,753	\$ 34,629,610	\$ (3,355,857)
Other Liabilities	14,567,769	8,938,651	5,629,118	5,412,309	4,971,374	440,935
Total Liabilities	\$ 46,710,740	\$ 52,024,132	\$ (5,313,392)	\$ 36,686,062	\$ 39,600,984	\$ (2,914,922)
DEFERRED INFLOWS OF RESOURCES:						
Deferred Inflows of Resources	\$ 25,940,545	\$ 24,261,249	\$ 1,679,296	\$ 4,923,751	\$ 4,824,779	\$ 98,972
NET POSITION:						
Net Investment in Capital Assets	\$ 40,091,075	\$ 31,160,868	\$ 8,930,207	\$ 7,658,528	\$ 9,194,051	\$ (1,535,523)
<u>Restricted For:</u>						
Capital Reserve	465,893	464,890	1,003	-	-	-
Other Purposes	3,034,906	3,269,827	(234,921)	701,559	988,211	(286,652)
Unrestricted	(32,375,805)	(36,990,193)	4,614,388	3,518,774	(351,880)	3,870,654
Total Net Position	\$ 11,216,069	\$ (2,094,608)	\$ 13,310,677	\$ 11,878,861	\$ 9,830,382	\$ 2,048,479

	<u>Governmental Activities</u>		<u>Total</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>2022</u>	<u>2021</u>	<u>Variance</u>
REVENUES:						
Program -						
Charges for Service	\$ 919,531	\$ 850,370	\$ 69,161	\$ 8,584,501	\$ 8,582,717	\$ 1,784
Operating Grants & Contributions	2,698,222	523,548	2,174,674	-	-	-
Capital Grants & Contributions	7,291,267	1,778,814	5,512,453	786,068	783,978	2,090
Total Program	\$ 10,909,020	\$ 3,152,732	\$ 7,756,288	\$ 9,370,569	\$ 9,366,695	\$ 3,874
General -						
Property Taxes	\$ 9,480,922	\$ 9,409,522	\$ 71,400	\$ -	\$ -	\$ -
Non Property Taxes	5,276,200	4,901,324	374,876	-	-	-
Mortgage Tax	201,128	149,802	51,326	-	-	-
Unallocated State and Federal Aid	-	1,942,613	(1,942,613)	-	-	-
Compensation for Loss	38,801	23,241	15,560	-	-	-
Use of Money and Property	48,490	47,621	869	3,933	1,660	2,273
Miscellaneous	575,300	229,295	346,005	-	-	-
Total General	\$ 15,620,841	\$ 16,703,418	\$ (1,082,577)	\$ 3,933	\$ 1,660	\$ 2,273
TOTAL REVENUES	\$ 26,529,861	\$ 19,856,150	\$ 6,673,711	\$ 9,374,502	\$ 9,368,355	\$ 6,147
SPECIAL ITEMS AND TRANSFERS:						
Bond Refunding	\$ -	\$ 13,000	\$ (13,000)	\$ -	\$ -	\$ -
Transfers	(282,116)	115,479	(397,595)	282,116	(115,479)	397,595
Total Special Items and Transfers	\$ (282,116)	\$ 128,479	\$ (410,595)	\$ 282,116	\$ (115,479)	\$ 397,595
Total General Revenues and Special Items and Transfers	\$ 26,247,745	\$ 19,984,629	\$ 6,263,116	\$ 9,656,618	\$ 9,252,876	\$ 403,742
EXPENSES:						
General Support	\$ 2,070,272	\$ 2,131,589	\$ (61,317)	\$ -	\$ -	\$ -
Public Safety	4,538,159	6,216,923	(1,678,764)	-	-	-
Transportation	2,678,854	2,626,560	52,294	-	-	-
Economic Assistance and Development	1,295,640	1,201,325	94,315	-	-	-
Culture and Recreation	1,228,620	1,221,251	7,369	-	-	-
Home and Community Services	550,005	335,586	214,419	7,608,139	10,011,681	(2,403,542)
Interest on Long-Term Debt	575,518	461,585	113,933	-	-	-
TOTAL EXPENSES	\$ 12,937,068	\$ 14,194,819	\$ (1,257,751)	\$ 7,608,139	\$ 10,011,681	\$ (2,403,542)
INCREASE IN NET POSITION	\$ 13,310,677	\$ 5,789,810		\$ 2,048,479	\$ (758,805)	
NET POSITION, BEGINNING OF YEAR	(2,094,608)	(7,884,418)		9,830,382	10,589,187	
NET POSITION, END OF YEAR	\$ 11,216,069	\$ (2,094,608)		\$ 11,878,861	\$ 9,830,382	

Governmental Funds

The financial performance of the City as a whole is reflected in this governmental funds. As the City complete dthe year, its governmental funds reported combined fund balances of \$6,956,553 which is less than last year’s ending fund balance of \$7,170,012.

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance of the General Fund was \$5,560,903. Fund balance for the General Fund increased by \$1,201,516 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2022</u>	<u>2021</u>	<u>Total Variance</u>
Nonspendable	\$ 396,580	\$ 431,359	\$ (34,779)
Restricted	543,943	630,286	(86,343)
Assigned	135,000	301,852	(166,852)
Unassigned	4,485,380	2,995,890	1,489,490
Total General Fund Balances	<u>\$ 5,560,903</u>	<u>\$ 4,359,387</u>	<u>\$ 1,201,516</u>

Financial Analysis of the City's Governmental Funds

Statement of Revenues, Expenditures/Expenses, and Changes to Fund Balances/Net Position

The “fund basis” financial statements focus on the flow of current financial resources. These statements (Page 21) are designed to show the various mechanisms by which we obtain revenues and how our revenue streams are performing. Additionally, the statements break out costs by category to give a better indication of how funds are disbursed. Finally, overviews of fund balances in various funds are provided.

Due to the nature of consolidated management across the three funds, it is routine for the City to transfer funds from the water and sewer accounts. This offsets costs associated with the City Manager, Human Resources, Finance, Information Technology, and other administrative costs, which are borne by the general fund. Beginning in 2014, and moving forward, the City uses a position-by-position analysis to determine what level of effort is contributed by our employees in each fund. The transfers from water and sewer funds to the General Fund totaled (\$282,116) for 2022 and \$115,479 for 2021.

Fund balances are those dollars which are not utilized for operations. They are funds in excess of operational costs. The City Council has established a policy for the general fund that requires that unrestricted fund balances total 10% to 15% of current year appropriations.

General Fund

In the General Fund, the primary operating fund of the City, operating revenues exceeded budget by \$2,389,632 while expenditures were under budget by \$167,951. The increase in revenues over budget were primarily in the area of sales and occupancy taxes (21%) as the local economy recovered from the pandemic, and state aid (34.4%) with the assistance of some additional grant funding.

At the close of 2022, revenues and transfers-in exceeded expenditures and transfers-out by \$1,201,516. This resulted in a closing, unrestricted general fund unassigned fund balance of \$4,485,380. This represents 23.6% of the 2023 appropriations budget.

Capital Projects Fund

The Capital Projects Fund is used to account for all of the capital projects of the governmental activities of the City. Total expenditures were \$8,713,724. Revenues were \$7,446,324 and included \$4,769,995 of state aid \$1,605,908 of federal aid and \$552,000 of funding from BANs redeemed from General Fund appropriations. Fund balance was a deficit of \$1,561,206 and will be funded by operating transfers or permanent financing of short-term bond anticipation notes in the future.

Community Development Fund

The Community Development Fund is used to account for community development block grants and other grants not required to be accounted for in other funds. Total expenditures were \$237,638 and revenues were \$89,860. Fund balance was \$2,936,220.

In general, the financial statements point to sustained health of the City's fiscal condition. Many agencies, including bond rating groups and the New York State Comptroller, utilize unrestricted fund balances as an indicator of fiscal health.

On a broader scale, the City's general governmental operations are performing well. This trend must continue in order for the City to not only maintain strong unrestricted fund balances, but also for the City to grow critical equipment, capital, and revenue stabilization reserves. These reserves will reduce reliance on debt for future investments in facilities and equipment, and will negate the impact of volatile revenue swings that can occur with shifts in the global and national economies. These factors are beyond the City's control, but can be managed through careful financial planning.

The City will continue to focus on conservative, objective, and reasonable revenue forecasting and on intense cost management efforts, in order to continue to move the City in the right direction relative to fiscal sustainability.

General Fund Budgetary Highlights

Amendments to the budget occur throughout the year for a variety of reasons. These include encumbrances from prior year unexpended purchase orders which are added to the current year budget at the close of the prior year, grants or other forms of financial aid which were received during the year but not anticipated in the original budget, appropriations of fund balances needed to offset unanticipated and unavoidable expenditures, and transfers of appropriations among object classes within department budgets to address particular requirements not anticipated in the original budget. The City Council approves and authorizes the annual budget at the level of object class totals within each department. The City Manager has the authority to transfer appropriations among line items within a fund. All transfers between funds must be approved by City Council. The encumbrances on prior year purchase orders are added to the budget as part of the annual financial closing process. All other budget amendments must be authorized by formal resolution of the City Council.

As previously mentioned, the City continues to take a conservative approach when preparing the budget. Revenues that the City does not receive on a consistent basis are not included in future budgets. The City is making a concerted effort to fund reserves more aggressively. These efforts have enabled the City to move towards a healthier financial position. While some one-time revenues have assisted with financial recovery, sustained growth in larger reoccurring revenues remain doubtful. These include sales tax and gross utilities receipts tax, which saw a significant increase in the current year as the local economy recovered from the COVID-19 pandemic. Occupancy tax will increase in the near future with the addition of a new hotel. This will help bring in more revenue that we can expect each year moving forward.

In addition to conservative revenue budgeting and the utilization of one-time revenues to fund capital acquisitions, the City continued the practice of conservative spending and strict expense monitoring.

While the City has experienced several unexpected one-time revenues, these one-time revenues are short lived and will not continue in future years. Furthermore, depending on the severity of change, revenue declines and expenditure increases, such as healthcare, social security and New York State retirement costs, the City may experience challenges in building the financial resources necessary to gain better financial footing. With the New York State Property Tax Cap, the inability to increase property taxes may further limit our ability to maintain services to residents at current levels.

Capital Asset and Debt Administration

Capital Assets

Capital projects effecting the lakefront took place starting in 2014 including the Lakefront Improvement Project which will consist of several phases over the course of the next few years. These projects will be funded by a combination of bonds and grants. Several capital projects will effect the Water and Sewer Funds and include a sewer lining project, capacity improvements to the water pump sation, repairs and cacity improvements to the wastewater treatment plant and water main replacements.

The City’s capital assets, net of accumulated depreciation for governmental and business-type activities for the years ended Decmeber 31, 2022 and 2021 is presented below. Additional information on the City’s capital asset can be found in Note IV.F to the financial statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,089,823	\$ 1,089,823	\$ 310,800	\$ 310,800
Work in Progress	17,543,995	8,932,944	5,556,931	4,558,620
Buildings and Improvements	16,266,829	17,164,892	9,654,156	9,980,538
Infrastructure	11,128,428	12,162,733	18,793,643	20,176,575
Machinery and Equipment	4,276,882	3,939,553	8,365,840	9,660,430
Total Capital Assets	<u>\$ 50,305,957</u>	<u>\$ 43,289,945</u>	<u>\$ 42,681,370</u>	<u>\$ 44,686,963</u>

Long-Term Obligations

For the year ending December 31, 2022, the City’s constitutional debt limit was \$34,826,949. Outstanding bonds and bond anticipation notes totaled \$54,108,826.

Standard & Poor’s Rating Services recently raised the City’s bond rating from A+ to AA- with a Stable outlook due to very strong liquidity and a strong economy within the City. Despite an elevated debt burden, the City’s debt is manageable due to low, fixed rates as well as old debt being paid off as new debt is being issued. Additional information on the City’s long-term debt can be found in Note IV..H to the financial statements.

A summary of the City's long-term liabilities at December 31, 2022 and 2021 is presented below.

<u>Type</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Serial Bonds	\$ 9,406,620	\$ 10,839,320	\$ 27,817,206	\$ 29,865,058
Unamortized Bond Premium	79,013	89,727	172,890	209,197
Installment Purchase Debt	1,045,769	1,289,757	163,889	267,157
Lease Liability	239,345	250,581	-	-
OPEB	20,336,261	28,273,165	2,942,416	4,091,836
Due to Retirement Systems	25,203	49,506	12,222	24,015
Net Pension Liability	705,818	2,210,448	-	7,217
Compensated Absences	304,942	333,558	165,130	165,130
Total Long-Term Obligations	\$ 32,142,971	\$ 43,336,062	\$ 31,273,753	\$ 34,629,610

Factors Bearing on the City's Future

Factors Affecting Continued Fiscal Health

The City consistently scans the horizon for factors that bear on the fiscal health of the organization. Like many organizations, the City utilizes the time-tested SWOT (strengths, weaknesses, opportunities, threats) model for strategic planning and decision-making. A current representation of our SWOT analysis is as follows:

Strengths

Strengths are characterized as those factors or attributes internal to the organization that put us in a competitive advantage relative to fiscal health. These include the following:

- *Real Estate Market Health:* The City Assessor recently completed the preliminary revaluation for all City properties. The net effect of the preliminary evaluation is that the market value of real property in Geneva has increased by 6% in the last several years. While this number is likely to be lowered due to appeals, the initial survey demonstrates stability and growth in our property values. This will result in, at a minimum, stable revenue collections as it relates to real property values. This also makes Geneva an attractive investment opportunity relative to commercial and residential development.

The City will capitalize on this growth by appropriately setting tax policy to ensure revenue stability while maintaining our competitive position with respect to attractiveness for development. We will also continue to aggressively market Geneva as a destination for investors in alignment with our economic development goals.

- *Conservative Revenue Forecasting:* City Council has established a revenue forecasting policy that calls on staff to utilize conservative, objective, and reasonable revenue forecasts during budget development efforts. This eliminates the ability for staff or Council members to interject personal or anecdotal information into the forecasting process, and has resulted in revenues that meet or exceed targeted forecasts.

The City will capitalize on this by continuing these efforts in future budget preparation activities, such that revenue forecasts can be counted on to paint an accurate picture of resources available for operations.

- *Organization-Wide Cost Focus:* Department managers are required to submit spending requests each week, for review and approval by the City Comptroller. This has resulted in a more conservative spending approach across the board. Managers have shifted their focus and determined that line-item allocations are *maximum* spending limits, and not required disbursement levels.

The City will capitalize on this by continuing to meet regularly with managers and fostering a cost-conscious culture. This will result in lower than anticipated expense levels, which when coupled with accurate or conservative revenue forecasts, contributes to expanded reserve levels and fiscal solvency.

- *Public-Private/Interagency Partnerships:* Over the last several years, the City has explored ways to engage private, not-for-profit, and government partners to deliver services at a much-reduced cost. The City has continued the inter-municipal agreements with the City of Canandaigua for the provision of information technology and real property assessment services. Additionally, the consolidation of emergency communications services between the City and Ontario County continues. The City also engages with a range of not-for-profit and private partners for the delivery of services at a much-reduced rate over the cost of public service delivery.

The City will capitalize on this by continuing to seek out opportunities to partner with other governments, not-for-profit agencies, and private firms to either reduce costs of existing program/services, or deliver new services at lower costs than we would experience delivering them ourselves.

- *Enhanced Reporting Model:* Provides City Council and the management team with periodic reports on every aspect of spending by City departments. This has enhanced transparency, which has results that are twofold. First, managers who realize that all expenditures have the opportunity to be scrutinized will carefully consider all spending requests. Second, Councilors have the ability to be completely engaged in the City's financial picture.

The City will capitalize on this by continuing to report out operational results, and to formalize quarterly reports to the Council and the public. This will result in a continued culture of cost management.

Weaknesses

Weaknesses are characterized as those factors or attributes internal to the organization that open us up to potential risks relative to fiscal health. These include the following:

- *Organization-Wide Succession:* Over the next ten years, the City will see another wave of retirements at the department head and mid-manager levels. Failure to address this will result in the depletion of institutional knowledge and experience, as well as the potential acquisition and placement of either expensive or inexperienced management talent. Should Council elect the latter, new managers will lack the financial acumen necessary to continue on a path toward fiscal sustainability.

The City will address this by regularly reviewing potential retirement losses and establishing a plan for staff development to ensure that a well-developed bench is in place. A significant focus of staff development programming should be financial concepts, including budgeting, cost development, and project management.

- *Long-Term Facilities and Equipment Planning:* The City has been fortunate over the last ten years to receive a significant amount of grant dollars for the development of facilities and amenities. These recently developed projects have limited maintenance exposure in the early years but will ultimately require repair and replacement investments.

The City will address this by developing replacement and amortization plans for all large equipment. Additionally, capital planning will take into account expanded maintenance and replacement budgets for recently constructed facilities.

- *Long-Term Economic Development Planning:* The towns of Geneva, Waterloo and Phelps are all experiencing residential and commercial growth that have an impact on the City's infrastructure. Improvements to the City's infrastructure requires planning and financial resources. The City will address this by re-establishing its Office of Planning and Economic Development and working with these local governments to evaluate areas of growth and development and its impact on the City.

Opportunities

Opportunities are characterized as those factors external to the organization that, if leveraged, have the potential to positively affect the City's operational and fiscal health. These include the following:

- *Upstate Revitalization Initiative:* The State of New York recently announced that the Finger Lakes Region will be awarded \$500 million over the next five years for economic development efforts outlined in the Finger Lakes Regional Plan. Council and staff worked diligently through the plan's development to ensure that City project opportunities were laid out, and that plan priorities aligned with local development efforts. The City's efforts received several specific citations in the plan.

The City will capitalize on this by aggressively pursuing our share of the allocated dollars. We will utilize existing plans to showcase "shovel ready" development projects, in an effort to leverage state dollars against existing priorities.

- *Development Opportunities:* The City has spent much of the last decade developing infrastructure and other logistical investments in downtown, the Geneva Industrial Park, the Cornell Agriculture and Food Technology Park, and other economic development assets. Additionally, the City's comprehensive plan was recently updated to identify economic development opportunities on the Exchange Street and Hamilton Street corridors.

The City will capitalize on these opportunities through continued infrastructure investments, regulatory reform relative to land use development processes, and aggressive marketing of economic development assets.

- *Sales Tax Agreement Extension:* The City Council approved an extension through December 31, 2023, and thereafter until either the City or County opts out. This agreement, when originally implemented in 2007, resulted in an immediate 100% increase in sales tax revenues to the City. Staff has found the County to be a willing and friendly partner in the negotiation of a longer-term extension under current terms. This establishes collection stability (though actual revenue activity will be dependent upon local economic conditions) for a longer period of time. This also gives the City the opportunity to develop a full analysis of the revenue potential of a locally administered collection program.

The City will capitalize on this by working with County officials to negotiate favorable terms on a 5 to 7 year agreement for Countywide collection and distribution, and to utilize the next term to develop a full analysis of the revenue potential of a standalone collection program.

- *Expanded Interagency Partnership Opportunities:* The city's primary interagency partner, the City of Canandaigua, as well as Ontario county continue to express interest in continued partnerships and are open to exploring all available options.

The City will capitalize on this by exploring every opportunity to collaborate with the City of Canandaigua and other municipalities on existing and expanded service delivery. We will also evaluate not-for-profit and private firms with respect to their ability to more cost effectively deliver new and existing services where appropriate.

Threats

Threats are characterized as those factors external to the organization that, if leveraged, have the potential to negatively impact the City's operational and fiscal health. These include the following:

- *Sales Tax Volatility:* Sales tax receipts represent approximately 20% of the City's total revenue base for operations. Performance is wholly dependent upon *Countywide* economic conditions, over which the City executes very limited control.

The City will mitigate this through the execution of conservative forecasting models.

- *New York State Financial Health:* Another substantial revenue stream is state aid provided to municipalities by New York State. During 2022 State aid allocations to the general fund approached \$3 million, or around 15.8% of general fund expenditures. Should the State shift its investment approach relative to municipal aid, or should economic conditions result in reduced aid allocations, the City would be left with a volatile or reduced revenue stream.

The City will mitigate this through the development of revenue stabilization reserves, which will absorb volatility and phase in any necessary reductions in appropriations or increases in other revenue areas.

Conclusions

The 2023 adopted City budget cites rebuilding the City's human capital, resources and infrastructure among its key objectives. The document identifies many of the efforts outlined here as priorities for City management moving forward. The results of heightened management scrutiny, as well as the implementation of responsible, responsive policies, have put the City on a path toward achieving its financial goals.

The City's net position is advancing, thanks to these efforts. Government operations have been modified to ensure that structural deficits are mitigated or eliminated. Business activities must turn their attention to capital asset planning, to offset eroded net position caused by depreciation of capital assets.

Undesignated fund balances in the general, and sewer funds (on a fund basis) are all now at levels within compliance of Council adopted financial policies. The water fund is near compliance at 27% of the current year appropriations. Council and staff must work to establish dedicated reserves for capital projects, equipment amortization, and revenue stabilization, among others deemed appropriate by Council and the community. Long term obligations are decreasing, but failure to establish capital reserves will ensure this downward trend is shortened.

Council and staff should continue to identify opportunities for revenue enhancement, cost management, leveraging partnerships, and economic development. These will be the keys to economic success in the long run.

The City should also continue to scan the horizon for ways to capitalize on strengths and opportunities, and for new and emerging threats to financial and operational sustainability. Long term financial and operational planning, continuously updated, will ensure that the City has the resources and flexibility needed to grow into Council's established vision as a community of choice for an engaged, active, and creative citizenry.

Contacting the City's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office, City of Geneva, Geneva, New York.

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Net Position

December 31, 2022

	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,956,137	\$ 6,028,853	\$ 19,984,990
Accounts receivable, net	7,704,963	2,428,031	10,132,994
Prepaid items	396,580	66,528	463,108
Net pension asset	792,706	574,028	1,366,734
Capital assets:			
Land and work in progress	18,633,818	5,867,731	24,501,549
Other capital assets, net of depreciation	31,909,646	36,813,639	68,723,285
TOTAL ASSETS	\$ 73,393,850	\$ 51,778,810	\$ 125,172,660
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	\$ 10,473,504	\$ 1,709,864	\$ 12,183,368
LIABILITIES			
Accounts payable	\$ 331,543	\$ 129,258	\$ 460,801
Accrued liabilities	389,469	153,051	542,520
Bond anticipation notes payable	11,755,000	5,130,000	16,885,000
Unearned revenue	1,793,195	-	1,793,195
Other liabilities	298,562	-	298,562
Noncurrent liabilities:			
Due in one year	1,421,768	2,071,784	3,493,552
Due in more than one year	30,721,203	29,201,969	59,923,172
TOTAL LIABILITIES	\$ 46,710,740	\$ 36,686,062	\$ 83,396,802
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	\$ 25,940,545	\$ 4,923,751	\$ 30,864,296
NET POSITION			
Net investment in capital assets	\$ 40,091,075	\$ 7,658,528	\$ 47,749,603
Restricted for:			
Restricted other purposes	3,500,799	701,559	4,202,358
Unrestricted	(32,375,805)	3,518,774	(28,857,031)
TOTAL NET POSITION	\$ 11,216,069	\$ 11,878,861	\$ 23,094,930

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Activities

For the Year Ended December 31, 2022

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		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government support	\$ 2,070,272	\$ 894,531	\$ 2,334,635	\$ 6,697,487	\$ 7,856,381	\$ -	\$ 7,856,381
Public safety	4,538,159	-	14,480	-	(4,523,679)	-	(4,523,679)
Transportation	2,678,854	-	87,517	544,799	(2,046,538)	-	(2,046,538)
Economic assistance and development	1,295,640	25,000	-	48,981	(1,221,659)	-	(1,221,659)
Culture and recreation	1,228,620	-	260,590	-	(968,030)	-	(968,030)
Home and community services	550,005	-	1,000	-	(549,005)	-	(549,005)
Interest on long-term debt	575,518	-	-	-	(575,518)	-	(575,518)
Total Governmental Activities	\$ 12,937,068	\$ 919,531	\$ 2,698,222	\$ 7,291,267	\$ (2,028,048)	\$ -	\$ (2,028,048)
Business-Type Activities:							
Water fund	\$ 2,902,729	\$ 4,122,406	\$ -	\$ -	\$ -	\$ 1,219,677	\$ 1,219,677
Sewer fund	4,705,410	4,462,095	-	786,068	-	542,753	542,753
Total Business-Type Activities	\$ 7,608,139	\$ 8,584,501	\$ -	\$ 786,068	\$ -	\$ 1,762,430	\$ 1,762,430
Total Primary Government	\$ 20,545,207	\$ 9,504,032	\$ 2,698,222	\$ 8,077,335	\$ (2,028,048)	\$ 1,762,430	\$ (265,618)
General Revenues:							
Taxes:							
Property taxes					\$ 9,480,922	\$ -	\$ 9,480,922
Non-property taxes					5,276,200	-	5,276,200
Mortgage tax					201,128	-	201,128
Compensation for loss					38,801	-	38,801
Use of money and property					48,490	3,933	52,423
Miscellaneous					575,300	-	575,300
Total General Revenues					\$ 15,620,841	\$ 3,933	\$ 15,624,774
Transfers:							
Transfers					\$ (282,116)	\$ 282,116	\$ -
Total General Revenues and Transfers					\$ 15,338,725	\$ 286,049	\$ 15,624,774
Change in Net Position					\$ 13,310,677	\$ 2,048,479	\$ 15,359,156
Net Position - Beginning					(2,094,608)	9,830,382	7,735,774
Net Position - Ending					\$ 11,216,069	\$ 11,878,861	\$ 23,094,930

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2022

	General Fund	Major Capital Projects Fund	Community Development Fund	Nonmajor Permanent Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,525,258	\$ 6,337,588	\$ 2,072,655	\$ 20,636	\$ 13,956,137
Receivables, net	1,667,337	-	863,565	-	2,530,902
Due from other governments, net	852,696	-	-	-	852,696
State and federal aid receivable	444,416	3,876,949	-	-	4,321,365
Prepaid items	396,580	-	-	-	396,580
Total Assets	\$ 8,886,287	\$ 10,214,537	\$ 2,936,220	\$ 20,636	\$ 22,057,680
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities:					
Accounts payable	\$ 360,960	\$ 20,743	\$ -	\$ -	\$ 381,703
Notes payable - bond anticipation notes	-	11,755,000	-	-	11,755,000
Other liabilities	295,286	-	-	-	295,286
Overpayments and collections in advance	3,276	-	-	-	3,276
Unearned revenue	1,793,195	-	-	-	1,793,195
Total Liabilities	\$ 2,452,717	\$ 11,775,743	\$ -	\$ -	\$ 14,228,460
Deferred Inflows:					
Deferred Inflows of Resources	\$ 872,667	\$ -	\$ -	\$ -	\$ 872,667
Fund Balances:					
Nonspendable	\$ 396,580	\$ -	\$ -	\$ -	\$ 396,580
Restricted	543,943	-	2,936,220	20,636	3,500,799
Assigned	135,000	1,093,172	-	-	1,228,172
Unassigned	4,485,380	(2,654,378)	-	-	1,831,002
Total Fund Balances	\$ 5,560,903	\$ (1,561,206)	\$ 2,936,220	\$ 20,636	\$ 6,956,553
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 8,886,287	\$ 10,214,537	\$ 2,936,220	\$ 20,636	

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.	50,543,464
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(353,966)
Other long-term assets are not available to pay for prior period expenditures and therefore are deferred in the funds.	292,521
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	(9,406,620)
Installment Purchase Debt	(1,045,769)
Leases	(239,345)
Pension Asset	792,706
Amortized Bond Premium	(79,013)
Due to ERS - Stabilization Program	(25,203)
Deferred Inflows - Pensions	(9,163,901)
Deferred Outflows - Pensions	7,157,792
Deferred Inflows - OPEB	(16,196,498)
Deferred Outflows - OPEB	3,315,712
Pension Liability	(705,818)
OPEB Liability	(20,336,261)
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.	(290,285)
Net Position of Governmental Activities	\$ 11,216,069

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Major Capital Projects Fund	Community Development Fund	Nonmajor Permanent Fund	Total Governmental Funds
Revenues:					
Real property and tax items	\$ 9,595,755	\$ -	\$ -	\$ -	\$ 9,595,755
Non-property taxes	5,276,200	-	-	-	5,276,200
Departmental income	456,980	-	25,000	-	481,980
Intergovernmental charges	304,501	-	-	-	304,501
Use of money and property	32,619	-	15,668	203	48,490
Licenses and permits	75,380	-	-	-	75,380
Fines and forfeitures	57,670	-	-	-	57,670
Sale of property and compensation for loss	38,801	-	-	-	38,801
Miscellaneous	56,668	518,421	211	-	575,300
State and county aid	2,899,350	4,769,995	-	-	7,669,345
Federal aid	866,383	1,605,908	48,981	-	2,521,272
Total Revenues	\$ 19,660,307	\$ 6,894,324	\$ 89,860	\$ 203	\$ 26,644,694
Expenditures:					
Current:					
General government support	\$ 2,121,348	\$ 46,339	\$ -	\$ -	\$ 2,167,687
Public safety	5,916,593	774,843	-	-	6,691,436
Transportation	1,384,114	7,809,765	-	-	9,193,879
Economic assistance and development	541,814	-	14,187	-	556,001
Culture and recreation	1,199,426	78,874	-	-	1,278,300
Home and community services	506,143	3,685	51,696	-	561,524
Employee benefits	4,056,013	218	-	-	4,056,231
Debt Service:					
Debt service - principal	2,239,924	-	-	-	2,239,924
Debt service - interest and other charges	383,055	-	-	-	383,055
Total Expenditures	\$ 18,348,430	\$ 8,713,724	\$ 65,883	\$ -	\$ 27,128,037
Excess (deficiency) of revenue over expenditures	\$ 1,311,877	\$ (1,819,400)	\$ 23,977	\$ 203	\$ (483,343)
Other Financing Sources and Uses:					
Transfers - in	\$ 754,153	\$ -	\$ -	\$ -	\$ 754,153
Transfers - out	(864,514)	-	(171,755)	-	(1,036,269)
Bond anticipation notes	-	552,000	-	-	552,000
Total Other Financing Sources and Uses	\$ (110,361)	\$ 552,000	\$ (171,755)	\$ -	\$ 269,884
Net change in fund balances	\$ 1,201,516	\$ (1,267,400)	\$ (147,778)	\$ 203	\$ (213,459)
Fund Balance - Beginning	4,359,387	(293,806)	3,083,998	20,433	7,170,012
Fund Balance - Ending	\$ 5,560,903	\$ (1,561,206)	\$ 2,936,220	\$ 20,636	\$ 6,956,553

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

CITY OF GENEVA, 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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (213,459)

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	\$ 8,713,724	
Addition of assets, net	1,085,246	
Depreciation	<u>(2,796,032)</u>	
		7,002,938

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	\$ 2,239,924	
Amortized bond premium	10,714	
Proceeds from BAN redemption	<u>(552,000)</u>	
		1,698,638

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. 3,997,491

Revenues that are not available to pay current obligations are not reported in the fund financial statement, but they are presented as revenues in the Statement of Activities. (114,833)

(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		356,038
Police and Fire Retirement System		737,046

Change due to retirement system - Stabilization Program 24,303

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. 25,692

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (203,177)

Change in Net Position of Governmental Activities \$ 13,310,677

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Net Position
Proprietary Funds
December 31, 2022

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 2,015,306	\$ 4,013,547	\$ 6,028,853
Accounts receivable, net	1,231,209	1,196,822	2,428,031
Prepaid items	36,083	30,445	66,528
Net pension asset	314,349	259,679	574,028
Capital assets:			
Land and work in progress	4,556,389	1,311,342	5,867,731
Other capital assets, net of depreciation	21,937,453	14,876,186	36,813,639
TOTAL ASSETS	<u>\$ 30,090,789</u>	<u>\$ 21,688,021</u>	<u>\$ 51,778,810</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	<u>\$ 862,056</u>	<u>\$ 847,808</u>	<u>\$ 1,709,864</u>
LIABILITIES			
Accounts payable	\$ 95,963	\$ 33,295	\$ 129,258
Accrued liabilities	96,289	56,762	153,051
Bond anticipation note payable	3,930,000	1,200,000	5,130,000
Noncurrent liabilities:			
Due in one year	1,330,840	740,944	2,071,784
Due in more than one year	18,318,900	10,883,069	29,201,969
TOTAL LIABILITIES	<u>\$ 23,771,992</u>	<u>\$ 12,914,070</u>	<u>\$ 36,686,062</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>\$ 2,471,078</u>	<u>\$ 2,452,673</u>	<u>\$ 4,923,751</u>
NET POSITION			
Net investment in capital assets	\$ 4,784,685	\$ 2,873,843	7,658,528
Restricted for:			
Capital reserve	254,038	447,521	701,559
Unrestricted	(328,948)	3,847,722	3,518,774
TOTAL NET POSITION	<u>\$ 4,709,775</u>	<u>\$ 7,169,086</u>	<u>\$ 11,878,861</u>

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Business-Type Activities</u>		<u>Total Business-Type Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>Operating Revenues:</u>			
Charges for services	\$ 4,952,147	\$ 4,098,531	\$ 9,050,678
TOTAL OPERATING REVENUE	\$ 4,952,147	\$ 4,098,531	\$ 9,050,678
<u>Operating Expenses:</u>			
Salaries	\$ 1,134,569	\$ 915,777	\$ 2,050,346
Benefits	114,608	(54,992)	59,616
Purchased services	729,093	725,244	1,454,337
Depreciation	2,207,886	1,016,969	3,224,855
Other expenses	210,533	59,329	269,862
TOTAL OPERATING EXPENSE	\$ 4,396,689	\$ 2,662,327	\$ 7,059,016
OPERATING INCOME OR (LOSS)	\$ 555,458	\$ 1,436,204	\$ 1,991,662
<u>Nonoperating Revenue (Expense):</u>			
Interest	\$ 1,809	\$ 2,124	\$ 3,933
Miscellaneous	296,016	23,875	319,891
Debt service interest	(308,721)	(240,402)	(549,123)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ (10,896)	\$ (214,403)	\$ (225,299)
Income (Loss) Before Operating Transfers	\$ 544,562	\$ 1,221,801	\$ 1,766,363
Transfers in (from governmental funds)	836,812	27,702	864,514
Transfers out (to governmental funds)	(283,872)	(298,526)	(582,398)
CHANGE IN NET POSITION	\$ 1,097,502	\$ 950,977	\$ 2,048,479
TOTAL NET POSITION, BEGINNING	3,612,273	6,218,109	9,830,382
TOTAL NET POSITION, ENDING	\$ 4,709,775	\$ 7,169,086	\$ 11,878,861

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Business-Type</u>
	<u>Fund</u>	<u>Fund</u>	<u>Activities</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 5,003,219	\$ 4,099,958	\$ 9,103,177
Cash payments to suppliers for goods and services	(937,465)	(797,907)	(1,735,372)
Cash payments to employees	(1,634,178)	(1,341,519)	(2,975,697)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,431,576	\$ 1,960,532	\$ 4,392,108
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>			
Transfer received from (paid to) other funds	\$ 552,940	\$ (270,824)	\$ 282,116
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	\$ 552,940	\$ (270,824)	\$ 282,116
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Proceeds from debt issuance	\$ 450,000	\$ 300,000	\$ 750,000
Interest expense	(349,214)	(263,634)	(612,848)
(Purchase) or sale of property and equipment	(1,075,176)	(104,092)	(1,179,268)
Principal payments on bonds	(1,672,347)	(818,580)	(2,490,927)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (2,646,737)	\$ (886,306)	\$ (3,533,043)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 1,808	\$ 2,124	\$ 3,932
Miscellaneous	296,016	23,875	319,891
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 297,824	\$ 25,999	\$ 323,823
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 635,603	\$ 829,401	\$ 1,465,004
CASH AND CASH EQUIVALENTS - BEGINNING	1,379,703	3,184,146	4,563,849
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,015,306	\$ 4,013,547	\$ 6,028,853
OPERATING INCOME (LOSS)	\$ 555,458	\$ 1,436,204	\$ 1,991,662
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 2,207,886	\$ 1,016,969	\$ 3,224,855
(Increase) decrease in accounts receivable	51,072	1,427	52,499
(Increase) decrease in prepaid items	5,776	4,238	10,014
(Increase) decrease in deferred outflow	360,844	377,553	738,397
Increase (decrease) in accounts payable and accrued liabilities	2,161	(13,334)	(11,173)
Increase (decrease) in deferred inflow	27,811	100,500	128,311
Increase (decrease) in net OPEB liability	(454,316)	(695,104)	(1,149,420)
Increase (decrease) in net pension liability	(325,116)	(267,921)	(593,037)
TOTAL ADJUSTMENTS	\$ 1,876,118	\$ 524,328	\$ 2,400,446
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,431,576	\$ 1,960,532	\$ 4,392,108

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Custodial Funds
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 539,916
	<u> </u>
TOTAL ASSETS	<u><u> </u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 539,916
	<u> </u>
TOTAL NET POSITION	<u><u> </u></u>

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2022

	Custodial Funds
	<u> </u>
ADDITIONS	
Contributions - City & Employees	\$ 228,491
	<u> </u>
TOTAL ADDITIONS	\$ 228,491
	<u> </u>
DEDUCTIONS	
Employee usage	165,225
	<u> </u>
TOTAL DEDUCTIONS	\$ 165,225
	<u> </u>
Change in net position	\$ 63,266
NET POSITION - BEGINNING	<u>476,650</u>
NET POSITION - ENDING	<u><u>\$ 539,916</u></u>

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

CITY OF GENEVA, ONTARIO COUNTY, NEW YORK

Notes To The Basic Financial Statements

December 31, 2022

I. Summary of Significant Accounting Policies:

The financial statements of the City of Geneva, 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 Geneva, 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, 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.

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.

(I.) (Continued)

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.

Community Development Fund - a special revenue fund used to account for community development block grants and other federal grants not required to be accounted for in other funds.

(I.) (Continued)

2. **Non-Major Governmental Funds**

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

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

b. **Fiduciary Funds**

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

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

c. **Proprietary Funds**

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

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

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.

(I.) (Continued)

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 unearned 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.

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.

(I.) (Continued)

2. **Receivables**

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

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

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

3. **Prepaid Items**

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

4. **Capital Assets**

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

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

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>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 2,000	SL	10-50 Years
Building and Site Improvements	\$ 50,000	SL	10-50 Years
Infrastructure	\$ 100,000	SL	25-50 Years
Furniture and Equipment	\$ 5,000	SL	3-20 Years
Vehicles	\$ 20,000	SL	5-10 Years

5. **Right To Use Assets**

The city-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 25 years based on the contract terms and/or estimated replacement of the assets.

(I.) (Continued)

6. Unearned Revenue/Overpayments

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

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

8. Short-Term Debt

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

9. Accrued Liabilities and Long-Term Obligations

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

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

a. Compensatory Absences

The City's labor agreements and City Council rules and regulations provide for sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fractional values of unused sick leave.

(I.) (Continued)

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in compensated absences at year end. The compensated absences liability is calculated based on the contractually negotiated rates in effect at year end.

Compensated absences for governmental fund type employees are reported as a fund liability and as an expenditure in the government-wide financial statements. A portion of the compensated absences liability recognized is attributed to the value of sick leave converted to pay the employee's share of postemployment health insurance premiums. The compensated absences liability for the governmental and enterprise funds at the yearend totaled \$304,942 and \$165,130, respectively. A liability for those amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments are not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

10. Encumbrances

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

11. Equity Classifications

a. Government-Wide and Proprietary Fund Statements

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

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1). external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.

(I.) (Continued)

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.

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

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 use 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.

(I.) (Continued)

E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

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

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. **Interfund reimbursements** – repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. Government-Wide Financial Statements

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

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

F. Use of Estimates

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

G. New Accounting Standards

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2022, the City implemented the following new standards issued by GASB:

GASB has issued Statement 87 *Leases*.

GASB has issued Statement 91 *Conduit Debt Obligations*.

(I.) (Continued)

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12.*

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 11b, 13 and 14.*

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans.*

H. Future Changes in Accounting Standards

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 96 *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 99 *Omnibus 2022-Leases, PPP, and SPITAS*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, etc.*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement 100 *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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

II. Changes in Accounting Principles

For the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. The implementation of the statement changes the reporting for leases.

III. Stewardship, Compliance and Accountability:

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

A. Budgetary Data

Annual budgets are adopted for the general, 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.

(III.) (Continued)

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

- a. No later than October 5, the City Manager 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 November 20, the City Council adopts the budget.
- c. All modifications of the budget must be approved by the City Council.
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects which remain in effect for the life of the project.

2. **Budget Basis of Accounting**

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary comparison schedules are presented in the financial statements.

3. **Revenue Restrictions**

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

C. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of \$1,561,206 at December 31, 2022, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

IV. Detail Notes on All Funds and Account Groups:

A. Deposits and Investments

The city's investment policies are governed by State statutes. In addition, the city has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The City Comptroller is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school Cities, and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The city's aggregate bank balances were fully collateralized at December 31, 2022.

The city reports restricted cash and cash equivalents amounts to support restricted fund balance and unspent proceeds of debt as restricted cash and cash equivalents. At December 31, 2022, the city reported \$3,500,799 as cash and cash equivalents as restricted.

Investment and Deposit Policy - The City follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City Comptroller.

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The city's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The City's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The city's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposits
- Obligation of the United States Treasurer and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the city including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provision of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits.

The City's third party custodial financial institution provided the following securities as collateral which are in accordance with the City's investment policy and third party custodial agreement:

(IV.) (Continued)

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization

B. Loan Receivables

The loans receivable recorded in the Community Development Fund represent revolving loans receivable issued under the City’s Community Development Block Grant programs and those passed through the U.S. Department of Housing and Urban Development. Loans outstanding as of December 31, 2022 under both programs amounted to \$1,117,534, against which an allowance of \$253,969 for uncollectible loans has been recorded.

C. Receivables

Receivables at December 31, 2022 for individual major and non-major funds consisted of the following, which are stated at net realizable value. City management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Government Funds</u>				<u>Business-Type Activities</u>		
	<u>General</u>	<u>Capital</u>	<u>Community Development</u>	<u>Total</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>Receivables -</u>							
Taxes receivable	\$ 708,485	\$ -	\$ -	\$ 708,485	\$ -	\$ -	\$ -
Rents receivable	-	-	-	-	170,815	151,015	321,830
Leases receivable	580,146	-	-	580,146	-	-	-
Accounts receivable	547,353	-	1,117,534	1,664,887	1,060,394	1,045,807	2,106,201
Allowance for uncollectables	(168,647)	-	(253,969)	(422,616)	-	-	-
Total Receivables, net	\$ 1,667,337	\$ -	\$ 863,565	\$ 2,530,902	\$ 1,231,209	\$ 1,196,822	\$ 2,428,031
<u>State and Federal -</u>							
Due from state and federal	\$ 444,416	\$ 3,876,949	\$ -	\$ 4,321,365	\$ -	\$ -	\$ -
<u>Other Governments -</u>							
Due from other governments	\$ 852,696	\$ -	\$ -	\$ 852,696	\$ -	\$ -	\$ -
Total Receivables	\$ 2,964,449	\$ 3,876,949	\$ 863,565	\$ 7,704,963	\$ 1,231,209	\$ 1,196,822	\$ 2,428,031

D. Tax Abatement

The City of Geneva 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 \$1,369,785. The City received payment in lieu of tax (PILOT) payment totaling \$682,929 to help offset the property tax reduction.

(IV.) (Continued)

E. Interfund Revenues and Expenditures

Interfund revenues and expenditures at December 31, 2022 were as follows:

	<u>Interfund</u>	
	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 754,153	\$ 864,514
Business-Type - Sewer Fund	836,812	283,872
Business-Type - Water Fund	27,702	298,526
Community Development Fund	-	171,755
Total	\$ 1,618,667	\$ 1,618,667

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.

F. Changes In Capital Assets and Lease Assets

1. Governmental Activities

a. Capital Assets

A summary of governmental changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,089,823	\$ -	\$ -	\$ 1,089,823
Work in progress	8,932,944	8,611,051	-	17,543,995
<i>Total Nondepreciable</i>	<u>\$ 10,022,767</u>	<u>\$ 8,611,051</u>	<u>\$ -</u>	<u>\$ 18,633,818</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Site Improvements	\$ 30,478,291	\$ -	\$ -	\$ 30,478,291
Machinery, equipment, & Vehicles	11,155,855	1,292,640	964,092	11,484,403
Infrastructure	28,527,769	-	-	28,527,769
<i>Total Depreciated Assets</i>	<u>\$ 70,161,915</u>	<u>\$ 1,292,640</u>	<u>\$ 964,092</u>	<u>\$ 70,490,463</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 13,313,399	\$ 898,063	\$ -	\$ 14,211,462
Machinery, equipment, & Vehicles	7,216,302	850,590	859,371	7,207,521
Infrastructure	16,365,036	1,034,305	-	17,399,341
<i>Total Accumulated Depreciation</i>	<u>\$ 36,894,737</u>	<u>\$ 2,782,958</u>	<u>\$ 859,371</u>	<u>\$ 38,818,324</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 33,267,178</u>	<u>\$ (1,490,318)</u>	<u>\$ 104,721</u>	<u>\$ 31,672,139</u>
Total Capital Assets	<u>\$ 43,289,945</u>	<u>\$ 7,120,733</u>	<u>\$ 104,721</u>	<u>\$ 50,305,957</u>

(IV.) (Continued)

b. Lease Assets

A summary of governmental changes in lease assets follows:

<u>Type</u>	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
<u>Lease Assets:</u>				
Equipment	\$ 250,581	\$ -	\$ -	\$ 250,581
<i>Total Lease Assets</i>	<u>\$ 250,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,581</u>
<u>Less Accumulated Amortization:</u>				
Equipment	\$ -	\$ 13,074	\$ -	\$ 13,074
<i>Total Accumulated Amortization</i>	<u>\$ -</u>	<u>\$ 13,074</u>	<u>\$ -</u>	<u>\$ 13,074</u>
<i>Total Lease Assets, Net</i>	<u>\$ 250,581</u>	<u>\$ (13,074)</u>	<u>\$ -</u>	<u>\$ 237,507</u>

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

Depreciated Capital Assets (net)	\$ 31,672,139
Amortized Lease Assets (net)	237,507
Total Other Capital Assets	<u>\$ 31,909,646</u>

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

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government	\$ 36,556	\$ -	\$ 36,556
Public Safety	509,155	13,074	522,229
Transportation	1,333,639	-	1,333,639
Culture and Recreation	739,639	-	739,639
Home and Community Services	163,969	-	163,969
Total Depreciation/Amortization Expense	<u>\$ 2,782,958</u>	<u>\$ 13,074</u>	<u>\$ 2,796,032</u>

2. Business-Type Activities

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

<u>Type</u>	<u>Balance</u> <u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
<u>Business-Type Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 310,800	\$ -	\$ -	\$ 310,800
Work in progress	4,558,620	998,311	-	5,556,931
<i>Total Nondepreciable</i>	<u>\$ 4,869,420</u>	<u>\$ 998,311</u>	<u>\$ -</u>	<u>\$ 5,867,731</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Site Improvements	\$ 16,073,247	\$ -	\$ -	\$ 16,073,247
Machinery, equipment, & vehicles	26,135,797	220,951	-	26,356,748
Infrastructure	37,834,828	-	-	37,834,828
<i>Total Depreciated Assets</i>	<u>\$ 80,043,872</u>	<u>\$ 220,951</u>	<u>\$ -</u>	<u>\$ 80,264,823</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 6,092,709	\$ 326,382	\$ -	\$ 6,419,091
Machinery, equipment, & vehicles	16,475,367	1,515,541	-	17,990,908
Infrastructure	17,658,253	1,382,932	-	19,041,185
<i>Total Accumulated Depreciation</i>	<u>\$ 40,226,329</u>	<u>\$ 3,224,855</u>	<u>\$ -</u>	<u>\$ 43,451,184</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 39,817,543</u>	<u>\$ (3,003,904)</u>	<u>\$ -</u>	<u>\$ 36,813,639</u>
Total Capital Assets	<u>\$ 44,686,963</u>	<u>\$ (2,005,593)</u>	<u>\$ -</u>	<u>\$ 42,681,370</u>

Depreciation expense totaling \$3,224,855 was charged to home and community services.

(IV.) (Continued)

G. Short-Term Debt

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

	Issue Date	Interest Rate	Balance 1/1/22	Additions	Deletions	Balance 12/31/22
<u>Governmental Activities:</u>						
Construction of a						
Curtain Wall Breakwater	2018	2.50%	\$ 690,000	\$ -	\$ (30,000)	\$ 660,000
Sidewalk Reconstruction	2019	2.50%	105,000	-	(15,000)	90,000
Various Sidewalk Reconstruction & Equipment Acquisition	2019	2.50%	975,000	-	(325,000)	650,000
Various Park Improvements Lafayette Ave	2019	2.50%	165,000	-	(10,000)	155,000
Various Park Improvements	2020	1.50%	1,100,000	-	(65,000)	1,035,000
Long Pier Improvements	2020	1.50%	175,000	-	(10,000)	165,000
Fire Truck	2020	1.50%	750,000	-	(35,000)	715,000
Parking Lot Improvements	2021	1.00%	1,497,000	-	(62,000)	1,435,000
Various Sidewalk Improvements	2022	3.50%	-	250,000	-	250,000
Sea Wall Improvements	2022	3.50%	-	100,000	-	100,000
Fire Truck	2022	3.50%	-	500,000	-	500,000
Building Improvements	2022	3.50%	-	750,000	-	750,000
Traffic Signal Improvements	2022	3.50%	-	700,000	-	700,000
Park and Ice Rink Improvements	2022	3.50%	-	250,000	-	250,000
Castle and Exchange St. Improv.	2022	3.50%	-	300,000	-	300,000
Castle and Main St. Improv.	2022	3.50%	-	1,800,000	-	1,800,000
Routes 5 & 20 Improv.	2022	3.50%	-	1,300,000	-	1,300,000
Routes 5 & 20 Improv.	2022	3.50%	-	900,000	-	900,000
<u>Business-Type Activities:</u>						
<u>Water -</u>						
Lafayette Ave	2020	1.50%	687,500	-	(42,500)	645,000
Water Trmt Plant Transformer	2020	1.50%	270,000	-	(15,000)	255,000
Water Trmt Plant Transformer	2022	3.50%	-	300,000	-	300,000
<u>Sewer -</u>						
Sealing/Resealing city Lines	2017	2.50%	165,000	-	(15,000)	150,000
Sewer Line Reconstruction	2019	2.50%	40,000	-	(10,000)	30,000
Gulvin Park Wastewater Trmt Plant	2019	2.50%	215,000	-	(10,000)	205,000
Marsh Creek Wastewater Trmt Plant	2019	2.50%	1,980,000	-	(90,000)	1,890,000
Lafayette Ave	2020	1.50%	962,500	-	(57,500)	905,000
Gulvin Park WWTP Pump	2020	1.50%	363,500	-	(63,500)	300,000
WWTP HVAC	2022	3.50%	-	100,000	-	100,000
Furnishings and Equipment	2022	3.50%	-	350,000	-	350,000
Total Short-Term Debt			\$ 10,140,500	\$ 7,600,000	\$ (855,500)	\$ 16,885,000

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 81,628
Less: Interest Accrued in the Prior Year	(53,285)
Plus: Interest Accrued in the Current Year	269,712
Total Short-Term Interest Expense	\$ 298,055

(IV.) (Continued)

H. **Long-Term Debt**

At December 31, 2022 the total outstanding obligations of the City aggregated \$63,763,629 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, 2022 is as follows:

Governmental Activities:

Interest Paid	\$ 301,427
Less: Interest Accrued in the Prior Year	(97,504)
Less: Amortized bond premium	(10,714)
Plus: Interest Accrued in the Current Year	84,254
Total Long-Term Interest Expense - Governmental Activities	\$ 277,463

Business-Type Activities:

Interest Paid	\$ 549,123
Total Long-Term Interest Expense - Business-Type Activities	\$ 549,123

3. **Other Long-Term Obligations**

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

Installment Purchase Debt – represents capital leases the City has.

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

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

Net Pension Liability – represents long-term pension liability.

Lease Liability – represents the value of future lease principal payments

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

(IV.) (Continued)

4. Summary of Debt

The following is a summary of obligations outstanding at December 31, 2022:

	<u>Balance</u> <u>1/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Serial Bonds	\$ 10,839,320	\$ -	\$ 1,432,700	\$ 9,406,620	\$ 1,115,620
Unamortized Premium	89,727	-	10,714	79,013	10,714
Installment Purchase Debt	1,289,757	-	243,988	1,045,769	244,536
Lease Liability	250,581	-	11,236	239,345	11,038
Due to Retirement System	49,506	-	24,303	25,203	25,203
Net Pension Liability	2,210,448	-	1,504,630	705,818	-
Compensated Absences	333,558	-	28,616	304,942	14,657
OPEB	28,273,165	-	7,936,904	20,336,261	-
Total Governmental Activities	\$ 43,336,062	\$ -	\$ 11,193,091	\$ 32,142,971	\$ 1,421,768
<u>Business-Type Activities:</u>					
Serial Bonds	\$ 29,865,058	\$ -	\$ 2,047,852	\$ 27,817,206	\$ 1,984,932
Unamortized Premium	209,197	-	36,307	172,890	36,307
Installment Purchase Debt	267,157	-	103,268	163,889	38,323
Due to Retirement System	24,015	-	11,793	12,222	12,222
Net Pension Liability	7,217	-	7,217	-	-
Compensated Absences	165,130	-	-	165,130	-
OPEB	4,091,836	-	1,149,420	2,942,416	-
Total Business-Type Activities	\$ 34,629,610	\$ -	\$ 3,355,857	\$ 31,273,753	\$ 2,071,784
Total Long-Term Obligations	\$ 77,965,672	\$ -	\$ 14,548,948	\$ 63,416,724	\$ 3,493,552

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

5. Debt Maturity Schedule

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

<u>Description</u>	<u>Original</u> <u>Amount</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>12/31/22</u>
<u>Governmental Activities:</u>					
<u>General Fund -</u>					
Various Projects	\$ 1,874,485	2018	2023	2.00%-5.00%	\$ 90,620
Refunding	\$ 4,085,127	2018	2032	3.00%-3.50%	2,675,000
Various Projects	\$ 7,250,000	2020	2034	2.00%-2.50%	5,930,000
Various Projects	\$ 410,000	2021	2032	1.54%	380,000
Various Projects	\$ 342,000	2021	2028	3.00%-4.00%	331,000
<u>Business-Type Activities:</u>					
<u>Water Fund -</u>					
Refunding	\$ 2,186,215	2018	2030	2.00%-5.00%	821,735
Various Projects	\$ 2,893,339	2018	2039	3.00%-3.50%	2,325,000
Various Projects	\$ 1,245,000	2020	2037	2.00%-2.50%	1,110,000
Various Projects	\$ 3,755,000	2021	2037	1.54%	3,565,000
Various Projects	\$ 1,786,000	2021	2040	3.00%-4.00%	1,770,000
<u>Sewer Fund -</u>					
Sewer Improvements-EFC	\$ 13,666,554	2008	2038	0.00%	7,288,826
Refunding	\$ 2,594,300	2018	2030	2.00%-5.00%	1,327,645
Various Projects	\$ 3,868,339	2018	2039	3.00%-3.50%	3,155,000
Various Projects	\$ 360,000	2020	2037	2.00%-2.50%	320,000
Various Projects	\$ 1,580,000	2021	2037	1.54%	1,480,000
Various Projects	\$ 4,777,000	2021	2042	2.00%-4.00%	4,654,000
Total					\$ 37,223,826

(IV.) (Continued)

6. The following table summarizes the City's future debt service requirements as of December 31, 2022:

Year	SERIAL BONDS			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,115,620	\$ 207,995	\$ 1,984,932	\$ 572,995
2024	900,000	182,404	2,010,552	526,113
2025	921,000	160,120	1,939,552	480,494
2026	941,000	137,316	1,864,552	433,136
2027	962,000	114,042	1,873,552	387,208
2028-32	4,202,000	247,594	8,380,760	1,351,303
2033-37	365,000	4,634	7,482,755	605,900
2038-42	-	-	2,280,551	89,018
Total	\$ 9,406,620	\$ 1,054,105	\$ 27,817,206	\$ 4,446,167

Year	INSTALLMENT PURCHASE DEBT			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 244,536	\$ 46,791	\$ 38,322	\$ 7,333
2024	255,477	35,850	40,037	5,618
2025	266,908	24,419	41,829	3,827
2026	278,848	12,477	43,701	1,955
Total	\$ 1,045,769	\$ 119,537	\$ 163,889	\$ 18,733

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. \$7,260,000 of bonds outstanding are considered defeased.

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

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

	Governmental Activities		Business-Type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Pension	\$ 7,157,792	\$ 9,163,901	\$ 1,229,684	\$ 2,005,518
Leases	-	580,146	-	572,661
OPEB	3,315,712	16,196,498	480,180	2,345,572
Total	\$ 10,473,504	\$ 25,940,545	\$ 1,709,864	\$ 4,923,751

(IV.) (Continued)

I. **Fund Balances/Net Position**

1. **Fund Balances**

a. **Nonspendable**

The City has the following nonspendable funds:

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

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. **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, 2022 is \$465,893.

b. **General Reserve** – Represents amounts set aside for substance use prevention education and for use related to drug activity. The balance at December 31, 2022 is \$28,050.

c. **Retirement Contribution Reserve** – Represents funds to be used to pay contributions to the retirement system The balance at December 31, 2022 is \$50,000.

d. **Community Development** – Represents funds that had restrictions externally imposed by the funding agency that provided funding for the loan programs administered by the City.

e. **Permanent Fund** – Represents amounts received that must remain intact and any earnings used for the purposes of the cemetery.

c. **Assigned**

The City has the following assigned funds:

General Fund –

1. Appropriated for Taxes
2. Encumbrances

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

Management has determined that amounts in excess of \$30,000 are considered significant, the City does not have any significant encumbrances.

(IV.) (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</u>	<u>Capital</u>	<u>Community</u>	<u>Permanent</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Development</u>	<u>Fund</u>	
<u>Nonspendable -</u>					
Prepaid items	\$ 396,580	\$ -	\$ -	\$ -	\$ 396,580
Total Nonspendable	\$ 396,580	\$ -	\$ -	\$ -	\$ 396,580
<u>Restricted -</u>					
Capital reserves	\$ 465,893	\$ -	\$ -	\$ -	\$ 465,893
General reserve	28,050	-	-	-	28,050
Retirement contributions	50,000	-	-	-	50,000
Community development fund	-	-	2,936,220	-	2,936,220
Cemetery fund	-	-	-	20,636	20,636
Total Restricted	\$ 543,943	\$ -	\$ 2,936,220	\$ 20,636	\$ 3,500,799
<u>Assigned -</u>					
Appropriated for taxes	\$ 135,000	\$ -	\$ -	\$ -	\$ 135,000
Capital projects	-	1,093,172	-	-	1,093,172
Total Assigned	\$ 135,000	\$ 1,093,172	\$ -	\$ -	\$ 1,228,172
<u>Unassigned</u>	\$ 4,485,380	\$ (2,654,378)	\$ -	\$ -	\$ 1,831,002
TOTAL FUND BALANCE	\$ 5,560,903	\$ (1,561,206)	\$ 2,936,220	\$ 20,636	\$ 6,956,553

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.

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

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

Community Development	\$ 2,936,220
General Reserve	28,050
Retirement Reserve	50,000
Capital Reserve	465,893
Permanent	20,636
Total Net Position - Restricted for Other Purposes	\$ 3,500,799

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

A. **General Information About Pension Plan**

1. **Plan Description**

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

2. **Benefits Provided**

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

Tier 1 and 2

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

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

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

(V.) (Continued)

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.

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.

(V.) (Continued)

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:

Prepayment				
<u>Due Date</u>		<u>ERS</u>		<u>PFRS</u>
12/15/2022	\$	643,935	\$	1,177,705
12/15/2021	\$	779,137	\$	1,291,437
12/15/2020	\$	705,902	\$	1,070,625

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

(V.) (Continued)

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

At December 31, 2022, the City reported an asset of \$1,366,734 for its proportionate share of the ERS net pension asset, and liability of (\$705,818) for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of March 31, 2022, 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, 2022, the City's proportion was 0.0167193 percent for ERS and 0.1242539 percent for PFRS.

For the year ended December 31, 2022 the City recognized pension expense of \$466,917. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 103,505	\$ 380,511	\$ 134,251	\$ -
Changes of assumptions	2,280,926	4,224,471	38,488	-
Net difference between projected and actual earnings on pension plan investments	-	-	4,475,481	5,930,711
Changes in proportion and differences between the District's contributions and proportionate share of contributions	27,568	-	126,823	463,665
Subtotal	\$ 2,411,999	\$ 4,604,982	\$ 4,775,043	\$ 6,394,376
City's contributions subsequent to the measurement date	487,216	883,279	-	-
Grand Total	\$ 2,899,215	\$ 5,488,261	\$ 4,775,043	\$ 6,394,376

(V.) (Continued)

	Deferred Outflows of Resources						
	Governmental		Total	Proprietary		Total	Grand
	<u>PFRS</u>	<u>ERS</u>	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Proprietary</u>	<u>Total</u>
Differences between expected and actual experience	\$ 380,511	\$ 60,033	\$ 440,544	\$ 19,666	\$ 23,806	\$ 43,472	\$ 484,016
Changes of assumptions	4,224,471	1,322,937	5,547,408	433,376	524,613	957,989	6,505,397
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	15,989	15,989	5,238	6,341	11,579	27,568
SubTotal	<u>\$ 4,604,982</u>	<u>\$ 1,398,959</u>	<u>\$ 6,003,941</u>	<u>\$ 458,280</u>	<u>\$ 554,760</u>	<u>\$ 1,013,040</u>	<u>\$ 7,016,981</u>
City's contributions subsequent to the measurement date	883,279	270,572	1,153,851	99,142	117,502	216,644	1,370,495
Grand Total	<u><u>\$ 5,488,261</u></u>	<u><u>\$ 1,669,531</u></u>	<u><u>\$ 7,157,792</u></u>	<u><u>\$ 557,422</u></u>	<u><u>\$ 672,262</u></u>	<u><u>\$ 1,229,684</u></u>	<u><u>\$ 8,387,476</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	\$ -	\$ 77,865	\$ 77,865	\$ 25,508	\$ 30,878	\$ 56,386	\$ 134,251
Changes of assumptions	-	22,323	22,323	7,313	8,852	16,165	38,488
Net difference between projected and actual earnings on pension plan investments	5,930,711	2,595,779	8,526,490	850,341	1,029,361	1,879,702	10,406,192
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	463,665	73,558	537,223	24,096	29,169	53,265	590,488
Grand Total	<u><u>\$ 6,394,376</u></u>	<u><u>\$ 2,769,525</u></u>	<u><u>\$ 9,163,901</u></u>	<u><u>\$ 907,258</u></u>	<u><u>\$ 1,098,260</u></u>	<u><u>\$ 2,005,518</u></u>	<u><u>\$ 11,169,419</u></u>

(V.) (Continued)

The City reported \$1,370,495 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2023	\$ (395,886)	\$ (447,308)
2024	(532,578)	(600,930)
2025	(1,177,559)	(1,475,321)
2026	(257,021)	736,864
2027	-	(2,699)
Total	\$ (2,363,044)	\$ (1,789,394)

1. Actuarial Assumptions

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

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Interest rate	5.90%	5.90%
Salary scale	4.40%	6.20%
Decrement tables	April 1 2010 - 31-Mar-15 System's Experience	April 1 2010 - 31-Mar-15 System's Experience
Inflation rate	2.70%	2.70%
COLA's	1.40%	1.40%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2020 System's experience with adjustments for mortality improvements based on MP-2021.

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

(V.) (Continued)

<u>Asset Type</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	3.30%
International equity	5.85%
Private equity	6.50%
Real estate	5.00%
Absolute return strategies *	4.10%
Opportunistic portfolios	4.10%
Real assets	5.80%
Cash	-1.00%
Inflation-indexed bonds	-1.00%
Credit	3.78%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.5% for PFRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

2. Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the City's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90%) or 1-percentagepoint higher (6.90%) than the current rate:

(V.) (Continued)

	1% Decrease	Current Assumption	1% Increase
<u>ERS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (7,851,131)	\$ 705,818	\$ 5,208,605
<u>PFRS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (3,517,958)	\$ 1,366,734	\$ 5,452,543

4. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292
Plan net position	<u>232,049,473</u>	<u>41,669,250</u>
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ (568,042)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	98.66%

VI. Postemployment Benefits

A. General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms – At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	165
Active Employees	<u>108</u>
Total	<u>273</u>

(VI.) (Continued)

B. Total OPEB Liability

The City's total OPEB liability of \$23,278,677 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.53 percent
Salary Increases	3.53 percent, average, including inflation
Discount Rate	4.40 percent
Healthcare Cost Trend Rates	5.50 percent for 2023, decreasing to an ultimate rate of 4.00 percent for 2075 and later years
Retirees' Share of Benefit-Related Costs	Various percent of projected health insurance premiums for retirees

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

Mortality rates were based on the RP-2021 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

C. Changes in the Total OPEB Liability

Balance at December 31, 2021	<u>\$ 32,365,001</u>
<u>Changes for the Year -</u>	
Service cost	\$ 829,699
Interest	702,201
Differences between expected and actual experience	(1,435,686)
Changes in assumptions or other inputs	(8,051,820)
Benefit payments	<u>(1,130,718)</u>
Net Changes	<u>\$ (9,086,324)</u>
Balance at December 31, 2022	<u><u>\$ 23,278,677</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19 percent in 2021 to 4.40 percent in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.40 percent) or 1-percentage-point higher (5.40 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	(3.40%)	Rate	(5.40%)
	(3.40%)	(4.40%)	(5.40%)
Total OPEB Liability	\$ 26,083,655	\$ 23,278,677	\$ 23,938,929

(VI.) (Continued)

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

	1% Decrease (4.50% Decreasing to 3.00%)	Healthcare Cost Trend Rates (5.50% Decreasing to 4.00%)	1% Increase (6.50% Increasing to 5.00%)
Total OPEB Liability	\$ 20,402,577	\$ 23,278,677	\$ 26,832,792

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

For the year ended December 31, 2022, the City recognized OPEB expense of (\$3,479,693). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,500,694
Changes of assumptions	3,510,106	7,041,376
City's contributions subsequent to the measurement date	285,786	-
Total	\$ 3,795,892	\$ 18,542,070

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

<u>Year</u>	
2023	\$ (3,949,646)
2024	(3,966,625)
2025	(3,049,619)
2026	(1,355,358)
2027	(1,355,358)
Thereafter	(1,355,358)
Total	\$ (15,031,964)

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.

VIII. Commitments and Contingencies

A. Litigation

The City has two tax certiorari claims pending, the outcome of which 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.

C. Operating Leases

The City of Geneva, Ontario County, New York entered into a lease agreement on January 26, 2016, for a term of 25 years, to lease a firehouse to provide a fire station for the Geneva Fire Department. The total cost of the lease was \$47,039 for the year ended December 30, 2022. The future minimum lease payments for the lease is as follows:

<u>Year</u>	
2023	\$ 47,261
2024	47,376
2025	47,493
2026	13,002
2027	6,202
2028-32	32,918
2033-37	36,345
2038-41	24,940
Total	<u>\$ 255,537</u>

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of Changes in City's Total OPEB Liability and Related Ratio
(Unaudited)
For the Year Ended December 31, 2022

TOTAL OPEB LIABILITY						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 829,699	\$ 990,275	\$ 1,009,198	\$ 795,573	\$ 998,340	\$ 1,123,292
Interest	702,201	1,025,071	1,182,660	1,517,578	1,564,281	1,478,651
Differences between expected and actual experiences	(1,435,686)	(13,009,574)	(3,376,449)	(5,538,401)	(3,739,366)	(954,726)
Changes of assumptions or other inputs	(8,051,820)	1,815,450	1,997,000	7,626,327	(2,470,051)	(3,317,750)
Benefit payments	(1,130,718)	(1,265,261)	(1,232,324)	(1,220,737)	(1,209,182)	(1,160,471)
Net Change in Total OPEB Liability	\$ (9,086,324)	\$ (10,444,039)	\$ (419,915)	\$ 3,180,340	\$ (4,855,978)	\$ (2,831,004)
Total OPEB Liability - Beginning	\$ 32,365,001	\$ 42,809,040	\$ 43,228,955	\$ 40,048,615	\$ 44,904,593	\$ 47,735,597
Total OPEB Liability - Ending	\$ 23,278,677	\$ 32,365,001	\$ 42,809,040	\$ 43,228,955	\$ 40,048,615	\$ 44,904,593
Covered Employee Payroll	\$ 7,744,128	\$ 7,480,081	\$ 7,785,169	\$ 7,481,893	\$ 7,263,974	\$ 7,263,974
Total OPEB Liability as a Percentage of Covered Employee Payroll	300.60%	432.68%	549.88%	577.78%	551.33%	618.18%

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

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of the City's Proportionate Share of the Net Pension Liability
(Unaudited)
For the Year Ended December 31, 2022

NYSERS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (assets)	0.0167193%	0.0172559%	0.0168483%	0.0179236%	0.0193164%	0.0200672%	0.0205785%	0.0203924%	0.0203924%
Proportionate share of the net pension liability (assets)	\$ (1,366,734)	\$ 17,182	\$ 4,461,539	\$ 1,269,939	\$ 623,425	\$ 1,885,555	\$ 3,302,899	\$ 688,906	\$ 921,504
Covered-employee payroll	\$ 4,319,183	\$ 4,657,201	\$ 4,678,936	\$ 4,484,960	\$ 4,494,486	\$ 4,278,834	\$ 4,186,806	\$ 4,013,208	\$ 4,143,232
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-31.643%	0.369%	95.354%	28.316%	13.871%	44.067%	78.888%	17.166%	22.241%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%

NYSPFRS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (assets)	0.1242539%	0.1267358%	0.1309448%	0.1351315%	0.1393693%	0.1393879%	0.1465621%	0.1443866%	0.1443866%
Proportionate share of the net pension liability (assets)	\$ 705,818	\$ 2,200,483	\$ 6,998,916	\$ 2,266,241	\$ 1,408,685	\$ 2,889,026	\$ 4,339,392	\$ 397,438	\$ 601,095
Covered-employee payroll	\$ 4,495,327	\$ 4,765,886	\$ 4,712,937	\$ 4,650,429	\$ 4,452,294	\$ 4,824,078	\$ 4,832,699	\$ 4,985,244	\$ 4,984,194
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	15.701%	46.172%	148.504%	48.732%	31.640%	59.888%	89.792%	7.972%	12.060%
Plan fiduciary net position as a percentage of the total pension liability	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	99.00%

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

(See Independent Auditors' Report)

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of City Contributions
(Unaudited)
For the Year Ended December 31, 2022

NYSERS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 677,692	\$ 760,827	\$ 702,027	\$ 654,243	\$ 691,115	\$ 737,571	\$ 754,700	\$ 896,991	\$ 971,531
Contributions in relation to the contractually required contribution	<u>(677,692)</u>	<u>(760,827)</u>	<u>(702,027)</u>	<u>(654,243)</u>	<u>(691,115)</u>	<u>(737,571)</u>	<u>(754,700)</u>	<u>(896,991)</u>	<u>(971,531)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,319,183	\$ 4,479,735	\$ 4,728,361	\$ 4,685,100	\$ 4,441,430	\$ 4,606,664	\$ 4,657,875	\$ 4,634,600	\$ 4,080,472
Contributions as a percentage of covered-employee payroll	15.69%	16.98%	14.85%	13.96%	15.56%	16.01%	16.20%	19.35%	23.81%

NYSFPERS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,206,138	\$ 1,236,235	\$ 1,054,094	\$ 997,437	\$ 1,183,798	\$ 1,011,250	\$ 962,770	\$ 888,919	\$ 1,000,532
Contributions in relation to the contractually required contribution	<u>(1,206,138)</u>	<u>(1,236,235)</u>	<u>(1,054,094)</u>	<u>(997,437)</u>	<u>(1,183,798)</u>	<u>(1,011,250)</u>	<u>(962,770)</u>	<u>(888,919)</u>	<u>(1,000,532)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,495,327	\$ 4,715,849	\$ 4,791,901	\$ 4,717,277	\$ 4,598,085	\$ 4,502,010	\$ 4,351,743	\$ 4,048,540	\$ 4,556,579
Contributions as a percentage of covered-employee payroll	26.83%	26.21%	22.00%	21.14%	25.75%	22.46%	22.12%	21.96%	21.96%

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

Required Supplemental Information
CITY OF GENEVA, ONTARIO COUNTY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget (Non GAAP Basis) and Actual - General Fund
(Unaudited)
For the Year Ended December 31, 2022

	GENERAL FUND			
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Variance
Revenues:				
Real property and tax items	\$ 9,349,629	\$ 9,349,629	\$ 9,595,755	\$ 246,126
Non-property taxes	4,345,937	4,361,637	5,276,200	914,563
Departmental income	541,333	541,333	456,980	(84,353)
Intergovernmental charges	375,363	375,363	304,501	(70,862)
Use of money and property	33,600	33,600	32,619	(981)
Licenses and permits	89,000	89,000	75,380	(13,620)
Fines and forfeitures	53,500	53,500	57,670	4,170
Sale of property and compensation for loss compensation for loss	151,000	151,000	38,801	(112,199)
Miscellaneous	157,500	159,500	56,668	(102,832)
State and county aid	2,155,113	2,156,113	2,899,350	743,237
Federal aid	-	-	866,383	866,383
Total Revenues	\$ 17,251,975	\$ 17,270,675	\$ 19,660,307	\$ 2,389,632
Expenditures:				
Current:				
General government support	\$ 2,086,277	\$ 2,123,693	\$ 2,121,348	\$ 2,345
Public safety	5,860,460	5,858,792	5,916,593	(57,801)
Transportation	1,234,623	1,306,639	1,384,114	(77,475)
Economic assistance and development	200,000	197,000	541,814	(344,814)
Culture and recreation	1,350,567	1,462,366	1,199,426	262,940
Home and community services	413,795	416,795	506,143	(89,348)
Employee benefits	4,493,010	4,493,010	4,056,013	436,997
Debt Service:				
Debt service - principal	2,207,063	2,207,063	2,239,924	(32,861)
Debt service - interest and other charges	451,023	451,023	383,055	67,968
Total Expenditures	\$ 18,296,818	\$ 18,516,381	\$ 18,348,430	\$ 167,951
Excess (deficiency) of revenue over expenditures	\$ (1,044,843)	\$ (1,245,706)	\$ 1,311,877	\$ 2,557,583
Other Financing Sources and Uses:				
Transfers - in	\$ 745,487	\$ 745,487	\$ 754,153	\$ 8,666
Transfers - out	-	-	(864,514)	(864,514)
Total Other Financing Sources and Uses	\$ 745,487	\$ 745,487	\$ (110,361)	\$ (855,848)
Net change in fund balances	\$ (299,356)	\$ (500,219)	\$ 1,201,516	\$ 1,701,735
Fund Balance - Beginning	4,359,387	4,359,387	4,359,387	-
Fund Balance - Ending	\$ 4,060,031	\$ 3,859,168	\$ 5,560,903	\$ 1,701,735

(See Independent Auditors' Report)



BUSINESS
ADVISORS
AND CPAS

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Geneva, Ontario County as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Geneva, Ontario County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
September 29, 2023

APPENDIX C

**FORMS OF CONTINUING DISCLOSURE UNDERTAKING
FOR THE BONDS AND THE NOTES**

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the City has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during any succeeding fiscal year in which the Bonds are outstanding certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) “THE CITY,” “DEMOGRAPHIC AND STATISTICAL INFORMATION,” “INDEBTEDNESS OF THE CITY,” “FINANCES OF THE CITY,” “REAL PROPERTY TAX INFORMATION,” and “LITIGATION,” and all appendices and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year on or prior to the later of either the end of the ninth month of each succeeding fiscal year, if audited financial statements are prepared, or 60 days following receipt by the City of audited financial statements for the preceding fiscal year if later but, in any event, not later than the last business day of each succeeding fiscal year.
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bond holders;
 - (h) bond calls;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the securities; and
 - (k) rating changes.
 - (l) bankruptcy, insolvency, receivership or similar event of the City;
 - (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) incurrence of a financial obligation of the City, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material;
 - (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in event (l) above: The event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The City may from time to time choose to provide notice of the occurrences of certain other events in addition to those listed above, if the City determines that any such other event is material with respect to the Bonds; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, in any, and notices of material events, as set forth above, if and when the City no longer remains and obligated person with respect to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds, (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City’s obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

The City may amend the continuing disclosure undertaking upon a change in circumstances provided that (a) the undertaking, as amended, would have complied with the requirements of the Rule at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the City, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS WITH RESPECT TO THE NOTES

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the City has agreed to provide, or cause to be provided in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, notice of the occurrence of any of the following events with respect to the Notes, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of Note holders;
- (h) note calls;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the securities; and
- (k) rating changes.
- (l) bankruptcy, insolvency, receivership or similar event of the City;
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the City, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material;
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Notes.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in event (l) above: The event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The City may from time to time choose to provide notice of the occurrences of certain other events in addition to those listed above, if the City determines that any such other event is material with respect to the Notes; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

An “Undertaking to Provide Notice of Certain Designated Events” to this effect shall be provided to the purchaser(s) of the Notes at closing.