

**CITY OF WATERTOWN, NEW YORK
AGENDA**

This shall serve as notice that the next regularly scheduled meeting of the City Council will be held on Tuesday, January 20, 2015, at 7:00 p.m. in the City Council Chambers, 245 Washington Street, Watertown, New York.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

ROLL CALL

ADOPTION OF MINUTES

COMMUNICATIONS

PRESENTATION

Independent Auditors' Report for the Fiscal Year Ending June 30, 2014
Liz Bush, CPA, Bowers & Company CPAs PLLC

PRIVILEGE OF THE FLOOR

RESOLUTIONS

- Resolution No. 1 - Appointment to Transportation Commission,
Susan Beaman
- Resolution No. 2- Establishing Standard Work Day and Reporting for
Appointed Officials
- Resolution No. 3 - Approving Lease Agreement Between the City of
Watertown and Watertown Bucks, Inc.
- Resolution No. 4 - Approving Appendix B to Contract Between the City of
Watertown and State of New York, Unified Court System
- Resolution No. 5 - Amendment No. 100 to the Management and Management
Confidential Pay Plan
- Resolution No. 6 - Approving Change Order No. 4 to Waste Water
Disinfection Improvement Project, Electrical Work,
Dow Electrical Inc.

Resolution No. 7 - Approving Amendment No. 6 to Professional Services Agreement, GHD Consulting Engineers LLC

Resolution No. 8 - Approving Change Order No. 6 to Waste Water Disinfection Improvement Project, HVAC, Hyde-Stone Mechanical

ORDINANCES

LOCAL LAW

PUBLIC HEARING

OLD BUSINESS

Tabled	Resolution Approving Intergovernmental Agreement Relative to Dog Control Services With County of Jefferson
Tabled	Resolution Approving Whitewater Park Public Access Limited Use Agreement with Hole Brothers Holdings, LLC

STAFF REPORTS

1. Performance Review of City Manager and City Clerk
2. Permanent Appointment of City Engineer
3. Tax Sale Certificate Assignment – 591 Rear Main Street West
4. Fiscal Year 2013-14 Audit Report
5. Sales Tax Revenue – December 2014
6. Letter of January 7, 2015 Requesting a Waiver of Fees

NEW BUSINESS

EXECUTIVE SESSION

WORK SESSION

ADJOURNMENT

NEXT REGULARLY SCHEDULED CITY COUNCIL MEETING IS MONDAY, FEBRUARY 2, 2015.

Res No. 1

January 9, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Appointment to the Transportation Commission,
Susan Beaman

At the January 5, 2015 City Council Meeting, Council reviewed Ms. Beaman's letter requesting consideration to the Transportation Commission.

Attached is a resolution appointing her to the Transportation Commission to fill the unexpired term of Roberta Hagerty, such term expiring April 1, 2016.

RESOLUTION

Page 1 of 1

Appointment to Transportation Commission,
Susan Beaman

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Mayor GRAHAM, Jeffrey E.
 Total

YEA	NAY

Introduced by

RESOLVED that the following individual is appointed to the Transportation Commission to fill the unexpired term of Roberta Hagerty, such term expiring on April 1, 2016:

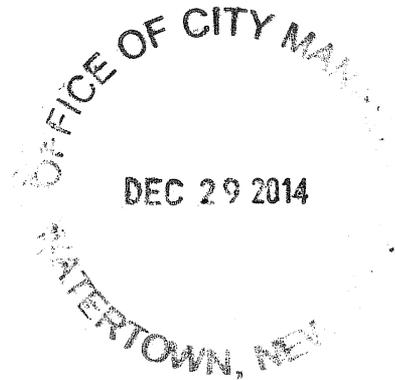
Susan Beaman
102 Creek Wood Drive, Apt. 1
Watertown, NY 13601

Seconded by

Susan Beaman
102 Creek Wood Drive, Apt. 1
Watertown, NY 13601

December 29, 2014

Ms. Sharon Addison
City Manager
245 Washington Street, Room 302
Watertown, NY 13601



Dear Ms. Addison and City Council Members:

I am writing regarding my interest in serving on the City Transportation Commission. As a lifetime resident of the City of Watertown and Jefferson County, I believe I can be of benefit to the Commission. I have seen Watertown in the past, present and what could be the future. History is always of help in any present and future planning. I think we can look at the things that once worked in the City of Watertown and bring them forward into 2015 and beyond.

As I have said before, I believe the city buses will play an important role in the future of Watertown. and especially in the downtown area. We need to market downtown, and we need to market the buses. Why not market them together?

We need a master plan, and if there isn't already one, we need to develop one. The plan should start now and stretch out over the next few years. We need to listen and talk and share ideas. One small idea or thought can mushroom into something bigger and better.

I would love to share my ideas and thoughts with the Commission; and if you think I could be of help, I would love to serve.

Sincerely,

A handwritten signature in cursive script that reads "Susan E. Beaman". The signature is written in dark ink and is positioned above the printed name.

Susan Beaman

Res No. 2

January 7, 2015

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller and Ann Saunders, City Clerk
Subject: NYS Retirement System – Appointed Officials

The City has been notified by the NYS Retirement System that it needs to adopt a “Standard Workday and Reporting Resolution for Elected and Appointed Officials” (Form RS 2417) to include positions the State considers to be appointed. The adoption of this resolution does not alter the standard workdays already established for the City Council or appointed officials.

“Appointed officials” are defined as individuals who are appointed by an elected official, an appointed official or governing board. They hold an office in government and participate in the exercise of authority (either their own or that of their superior). This also includes appointees of elected and appointed official such as deputies, assistants or confidential secretaries. If the official does not have a designated term, the current term for the official who appointed them to the position should be used. The defined term dates are only for the purpose of this resolution. Competitive appointments through Civil Service do not need to be included in the resolution.

The resolution will include the following titles:

- City Manager
- Confidential Assistant to the City Manager
- Confidential Secretary to the City Manager
- City Clerk
- Deputy City Clerk
- City Comptroller
- Deputy City Comptroller
- Superintendent of Public Works
- City Engineer
- Superintendent of Parks and Recreation
- Superintendent of Water
- Planning and Community Development Coordinator
- Executive Secretary to the Civil Service Commission

The attached Standard Work Day and Reporting Resolution for Appointed Officials has been prepared for City Council consideration.

RESOLUTION

Page 1 of 2

Establishing Standard Work Day and Reporting For Appointed Officials

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY

Introduced by

BE IT RESOLVED, that the City of Watertown (Location Code 20056) hereby establishes the following standard work days for these titles and will report the officials to the New York State and Local Retirement System based on time keeping system records or their record of activities:

Appointed Officials

Title	Name	Standard Work Day (Hrs/day)	Current Term Begin & End Dates	Participates in Employer's Time Keeping System	Record of Activities Result
City Clerk	Ann Saunders	7	05/01/13 – 04/30/15 *	Yes	N/A
Deputy City Clerk	Amanda Lewis	7	05/01/13 – 04/30/15 *	Yes	N/A
Deputy City Clerk	Margaret Puccia	7	05/01/13 – 04/30/15 *	Yes	N/A
City Manager	Sharon Addison	7	07/01/14 – 06/30/16 *	Yes	N/A
Confidential Assistant to the City Manager	Elizabeth Morris	7	07/01/14 – 06/30/16 *	Yes	N/A
Confidential Secretary to the City Manager	Elaine Giso	7	07/01/14 – 06/30/16 *	Yes	N/A
City Comptroller	James Mills	7	07/01/14 – 06/30/16 *	Yes	N/A
Deputy City Comptroller	Christine Audette	7	07/01/14 – 06/30/16 *	Yes	N/A
Superintendent of Public Works	Eugene Hayes	7	07/01/14 – 06/30/16 *	Yes	N/A
Superintendent of Parks and Recreation	Erin Gardner	7	07/01/14 – 06/30/16 *	Yes	N/A
Superintendent of Water	Michael Sligar	7	07/01/14 – 06/30/16 *	Yes	N/A
Planning & Community Development Coordinator	Kenneth Mix	7	07/01/14 – 06/30/16 *	Yes	N/A
Executive Secretary to the Civil Service Commission	Amie Davis	7	07/01/14 – 06/30/16 *	Yes	N/A
City Engineer	Justin Wood	7	09/15/14 – 06/30/16 *	Yes	N/A

* Current Term Begin and End Dates defined only for the purpose of this resolution

RESOLUTION

Page 2 of 2

Establishing Standard Work Day and Reporting
For Appointed Officials

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY

I, Ann M. Saunders, Clerk of the governing board of the City of Watertown, of the State of New York, do hereby certify that I have compared the foregoing with the original resolution passed by such board, at a legally convened meeting held on the 20th day of January, 2015 on file as part of the minutes of such meeting, and the same is a true copy thereof and whole of such original.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City of Watertown on this 20th day of January, 2015.

(Signature of Clerk)

Date enacted _____

Seconded by

Res No. 3

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Franchise Agreement Between the City of Watertown and Watertown Bucks, Inc.

Attached for Council's consideration and approval is a Lease Agreement with the Watertown Bucks, Inc. for the 2015 baseball season at the Alex T. Duffy Fairgrounds.

As stated in Superintendent of Parks and Recreation Erin Gardner's attached report, the City is anxious to welcome a professional baseball league to the Fairgrounds. Staff from the Parks and Recreation Department will be available to answer any questions regarding this Agreement.

RESOLUTION

Page 1 of 1

Approving Lease Agreement Between the City of Watertown and Watertown Bucks, Inc.

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY

Introduced by

WHEREAS the City of Watertown owns and operates a facility known as the Alex T. Duffy Fairgrounds and the Fairgrounds are a community recreational facility, and

WHEREAS the City of Watertown desires to promote recreational activities at the Fairgrounds for the valid public purpose of the benefit, recreation, entertainment, amusement, convenience and welfare of the people of the City, and

WHEREAS in pursuit of that valid public purpose, the City of Watertown desires to contract for the use, operation, management and maintenance of the Fairgrounds baseball facilities and all baseball-related activities, and

WHEREAS the Watertown Bucks, Inc. owns and operates a summer professional baseball team, as a member and franchise of the East Coast Baseball League, and

WHEREAS the Watertown Bucks, Inc. desires to have its team play baseball games within the confines of the Fairgrounds baseball fields and is in a unique position to contract to use, operate, manage and maintain the Fairgrounds baseball facilities,

WHEREAS the City has undertaken a substantial capital improvement project for the Fairgrounds in furtherance of the public purpose of keeping baseball in the City for the recreation, entertainment, and welfare of the people of the City, including the economic benefit such a team can bring,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the Lease Agreement between the City and the Watertown Bucks, Inc., a copy of which is attached hereto and made part of this resolution, and

BE IT FURTHER RESOLVED that City Manager Sharon Addison is hereby authorized and directed to execute the Lease Agreement on behalf of the City of Watertown.

Seconded by

LEASE AGREEMENT

**THE CITY OF WATERTOWN, NEW YORK AND
WATERTOWN BUCKS, INC**

This Lease is being made and is intended to be effective as of May 1, 2015 between the City of Watertown, New York, with its principal offices located at 245 Washington Street, Watertown, New York 13601 (“City”) and Watertown Bucks, Inc, with its principal offices located at 38050 Ledgewood Lane, Clayton, NY 13624, (“Baseball”).

INTRODUCTION

WHEREAS, the City is a municipal corporation organized under the laws of the State of New York and, as such, owns a facility known as the Alex T. Duffy Fairgrounds (the “Fairgrounds”) within the City of Watertown, and the Fairgrounds are a community recreational facility; and

WHEREAS, the City desires to promote future recreational activities at the Fairgrounds for the valid public purpose of the benefit, recreation, entertainment, amusement, convenience and welfare of the people of the City; and

WHEREAS, in pursuit of that public purpose, the City desires to contract for the use, operation, management and maintenance of the Fairgrounds baseball facilities and all baseball-related activities; and

WHEREAS, Baseball owns and operates a summer professional baseball team as a member and franchisee of the East Coast Baseball League (ECBL); and

WHEREAS, Baseball desires to have its team, the Watertown Bucks(the “Team”), play professional baseball games within the confines of the Fairgrounds baseball field and is in a unique position to contract to use, operate, manage and maintain the Fairgrounds baseball facilities; and

WHEREAS, the City has undertaken a substantial capital improvement project for the Fairgrounds in furtherance of the public purpose of keeping baseball in the City for the recreation, entertainment and welfare of the people of the City, including the economic benefit such a team can bring.

NOW, THEREFORE, in consideration of mutual covenants and agreements as stated herein, the City and Baseball agree as follows:

AGREEMENT

AGREEMENT

Section I – Term of Lease

The term of this Lease Agreement shall be for the period, from May 1, 2015 through August 31, 2015.

Section II – Premises Leased

The City agrees to lease to Baseball the premises generally known as the Alex T. Duffy Fairgrounds baseball field and all incidents thereto all of which consist of the grandstands, concession facilities and certain locker rooms as highlighted in yellow on the attached map, all of which consisting of essentially that area bounded by the baseball field fence separating the baseball field from the remainder of the Fairgrounds, together with the immediately adjacent parking area (the “Premises”).

Baseball acknowledges that the Leased Premises do not meet applicable building codes for occupation as a residence, and therefore are to be used solely for the purpose of the conduct of games and authorized ancillary activities, and are not to be used as overnight accommodations for any of Baseball's employees, agents, contractors or other persons.

Section III – Non-Assignability and Non-Exclusivity

a. The City and Baseball agree that it is the purpose of this Agreement to contract for the use, operation, management and maintenance of the Premises, and that this is an agreement for the privilege of Baseball to use the Premises only for the purpose of professional baseball. This Lease Agreement may not be assigned by Baseball to any person or entity, and Baseball agrees that the City’s consent to any assignment may be withheld for any reason, and in its sole discretion.

b. The City agrees not to enter into a lease for the Premises with any other minor league, professional or collegiate league team during the term of this lease, without the written consent of Baseball.

c. It is further understood that this Lease Agreement is non-exclusive, meaning that, at those times when the Premises are not being used for Baseball’s purposes, the City retains the right to make the Premises available for other uses to the extent that the use will not interfere with those purposes. It is expressly understood that it will not be interference for the City to allow the playing field to be used by college, high school, little league or other local baseball teams, or to permit others to host outdoor concerts on the Premises. At such times, it shall be the City’s responsibility to maintain the Premises in good repair. Baseball agrees it will cooperate with the City in making the Premises available to others. The City will notify Baseball when a non-baseball event is scheduled

for the Premises. The City agrees that, the original ECBL baseball schedule will take priority and the Premises will not be reserved for other users during the time ECBL has a scheduled game. If changes are made to the original ECBL schedule, ECBL must work around other scheduled events.

Section IV – Compensation (Rent)

a. As compensation for the use of the Premises, and during the term of this Lease, Baseball shall pay to the City fees as follow:

Day Game	\$125.00 per game
Night Game	\$150.00 per game
Double-Header	\$250.00 per occurrence
Day Practice	\$ 75.00 per practice (up to 3 hours)
Night Practice	\$100.00 per practice
Day Camp	\$ 75.00 per day

Day game means any game that ends before 6:00 p.m. or otherwise approved by the Superintendent of Parks and Recreation.

Night game means any game that begins at or extends beyond 6:00 p.m.

Day practice means any practice that ends before 6:00 p.m.

Night practice means any practice that starts after 6:00 p.m.

b. Baseball will provide the City Department of Parks and Recreation with a season schedule detailing all planned field use for games, practices and camps no later than April 1st of each year of the lease.

c. Payment must be made to the City Comptroller by the first day of the month for that month’s scheduled events at the Premises. If full payment is not made by Baseball by the first day of the month for that month’s scheduled events, or any other unpaid invoice is over 30 days outstanding, Baseball will not be authorized to use the Premises, for any purpose, until full payment is made. An invoice will be generated at month’s end for any additional time used above and beyond scheduled time by Baseball and must be paid within 30 days. Baseball shall not receive credit for any unused, but scheduled, field time, unless in the event of inclement weather.

Section V – Non-Alcohol Concessions and Advertising

a. It is the purpose of this Section to provide an incentive to Baseball or sub franchisee(s) to operate concessions during the term of the lease for all events held at the Premises for the benefit of both Baseball and the City. The City and Baseball agree that

during the term of this lease, and for all events at the Premises, whether for Baseball purposes or otherwise, concession rights for the sale of food and non-alcoholic drinks, as well for baseball souvenir items sold on the Premises, shall be exclusive to Baseball. The City shall not permit nor allow mobile units or other vendors or concessions upon the Premises during events or activities being conducted by Baseball or others during the term of this lease. Prior to opening the concessions for sale of food and drink, Baseball will provide the City with all applicable licenses, including but not limited, required NYS Department of Health.

b. All expenses other than normal wear and tear, including repairs to appliances including a walk-in cooler, freezer, griddle, and beverage dispensers due to negligence or abuse incurred in providing concessions shall be at the sole expense of Baseball.

c. The City authorizes Baseball to install soda vending machines on the Premises. The City, in its sole discretion, can ask to have the vending machines removed if vandalism occurs.

d. Baseball shall be responsible for causing the non-alcohol concessions to be open and operated for all Baseball events. Additionally, Baseball shall be responsible for causing such concessions to be open and operated during the hours of Fair Week if an event is held in the grandstand area. In the event that non-Baseball events are held at the Leased Premises during Baseball's regular season, Baseball shall be responsible for causing the concession to be opened and operated for those events.

e. Baseball will be allowed to sell Advertising to be placed within the Premises. There shall be no signs endorsing or sponsored by a political candidate. The Parks and Recreation Crew Chief must approve all advertising prior to installation. It will be the responsibility of Baseball to install and remove the Advertising, including the removal of all hardware. In the event that all signage and/or hardware is not removed by August 31st. Baseball will be responsible for reimbursing the City for the costs of removing said signage and/or hardware. An annual fee for advertising rights of \$3,000.00 shall be paid to the City Comptroller's Office no later than May 15 of each year. Signs can be up only between May 15th and August 31st.

Section VI – Franchise for Sale of Alcoholic Beverages

a. Baseball desires to provide for the sale of beer at the professional games to be held pursuant to this Agreement, and the City grants such franchise upon the terms outlined in this section. Baseball may provide such sales itself or enter into a sub-franchise agreement with a person or entity who or which shall obtain a SLA license for beer sales for the Watertown Municipal Fairgrounds Main Baseball Field limited to the term of this Agreement.

Baseball shall, and any sub-franchise agreement with a licensed vendor shall provide that both baseball and the vendor shall be bound by the terms of the City's "ABC Law, Rules and Guidelines," as the same may, from time to time, be amended. A

copy of the City's current "ABC Law, Rules and Guidelines" is attached to this Agreement as Exhibit "A." Baseball and its sub-franchisee shall also be specifically bound by the terms and conditions of any license issued by the State Liquor Authority.

Baseball or its sub-franchisee shall provide the City with a copy of any application for the license, and shall, at a minimum as part of the application, show the locations of all points of sale; indicate the manner in which control of the sale of alcoholic beverages will be maintained; contain an acknowledgement that it will discontinue the service of alcohol at any time when directed to do so by the shift supervisor of the Watertown City Police; provide proof of its liquor liability insurance coverage in the amount of \$1,000,000.00 individual/\$2,000,000.00 aggregate; and represent that the times of alcohol service must be no earlier than one-half hour prior to the commencement of any game and that all service will be discontinued at the end of the 7th inning stretch.

Baseball acknowledges that, as the party responsible for the sub-franchisee, it is obligated not to permit the sale of alcoholic beverages in violation of the New York Alcoholic Beverage and Control Law, the New York Penal Law, and/or the New York General Obligations Law. If it is determined that Baseball or its sub-franchisee has sold beverages in violation of any of the applicable rules and regulations, including any term of this franchise, Baseball's right to sell or to contract with a sub-franchisee for the sale of alcohol on the premises will be immediately revoked.

Baseball acknowledges that the City of Watertown is not involved in the sale of alcoholic beverages, and agrees to defend and indemnify the City, including reimbursement of the City's reasonable attorneys' fees, from any and all claims, civil or criminal, arising from any claimed violations of law pertaining to, or statutory duty arising from, the sale of alcoholic beverages.

(1) Baseball Games: At no time shall alcohol sales begin more than one hour prior to the start of the game, and all alcohol sales will cease at the end of the 7th inning stretch. If a double header is being played, sales shall end following the completion of the 5th inning of the second game.

(2) Other events: The sale of alcohol shall not be allowed more than one hour prior to the commencement of the event and shall stop at least one half hour prior to the scheduled conclusion of the event. "Other events" are defined as only the events taking place during the week of the Jefferson County Fair, or as specifically approved by the City Manager. Baseball acknowledges that this Lease Agreement contains no right to sponsor concerts or other events, and that City consent to the same may be withheld for any reason whatsoever.

Section VII – Adequacy of Leased Premises

a. Baseball represents that the Premises satisfy the requirements of the East Coast Baseball League and that the City shall not be obligated to make any changes to the Premises and the office space during the term of this Lease to satisfy any requirements of Baseball or the East Coast Baseball League.

b. Baseball shall certify in writing to the City that it has accepted, in good order and repair, the Premises. This certification by Baseball shall include a statement that Baseball has examined and knows the condition of the Premises and has received the same in good repair and working order. Any exceptions by Baseball to the condition of the Premises at the time of their receipt shall be provided to the City in writing.

Section VIII – Maintenance

a. The City agrees that it will keep the Premises, including any structural or capital repairs and improvements, in good repair during the term of this Lease, and at its own expense. The City further agrees that it shall bear the cost of electric facilities and electric service to the Premises.

b. Baseball agrees to provide custodial maintenance of the Premises during the term of the Lease. Baseball is responsible for cleaning the Leased Premises after every game or practice. Baseball shall keep the Premises secure and keep unauthorized persons off of the roof in the grandstand area. Baseball agrees to be further responsible for maintenance of the Premises for all non-baseball activities that Baseball permits to take place on the Premises while the facilities are in the possession of Baseball. If Baseball has the concessions open for a non-Baseball event, Baseball will still be responsible for custodial maintenance and cleanup of the Premises. Baseball must complete all custodial and maintenance clean-up within one hour of game or event completion. A minimum charge of \$25.00 per hour will be invoiced to Baseball for failure to complete clean-up within one hour of game or event completion and will be due within 30 days of receipt.

c. The City agrees that it will maintain the baseball field. Baseball acknowledges, however, that the City's employees are not responsible for the laying and removal of the main field tarp prior to, during, or after any particular baseball game. Baseball must request permission to tarp the field from the Parks and Recreation Crew Chief. The City agrees to provide up to four bags of turf drying agent per game. Any turf used above and beyond four bags will be charged back to Baseball at the City's cost.

d. If all or any part of the Premises are damaged or destroyed by Baseball, or by any of its agents or employees, or by any of Baseball's patrons, or during any event for which Baseball is responsible, (for example, damage or destruction to the outfield fence), Baseball agrees that it will immediately cause repairs or, if the City repairs the damage, that it will reimburse the City for such damage or destruction.

Section IX – Office Space

As part of the Fairgrounds Capital Improvement Project, the City constructed office space. Said office space has been requested for use by Baseball from May 1st through August 31st. The City agrees to lease the office space to Baseball for Six Hundred Dollars (\$600.00) per year, which amount shall be paid in the same manner as detailed in Section IV c, above. In addition, Baseball acknowledges that it not leasing the office reserved for Red and Black Football. In the event Baseball no longer desires to occupy the office space, Baseball may vacate the office upon thirty (30) days' written notice to the City, and the lease payment due will be prorated. This office space shall be considered part of the Premises for purposes of Section XV. The offices pursuant to this agreement are indicated in yellow on the attached map (Exhibit A).

The City will provide 35 folding chairs for Baseball's locker room. Baseball will be responsible for compensating the City for any lost or damaged chairs.

Section X – Concession Space

a. As part of the Fairgrounds Capital Improvement Project, the City constructed concession space. Baseball has requested exclusive use of the concession space during the term of this Lease. The City agrees to lease concession space highlighted in yellow on the attached map and other areas within the Premises, as approved by the Superintendent of Parks and Recreation , to Baseball for twenty eight hundred dollars (\$2,800) each year, which amount shall be paid in the same manner as detailed in Section IV c, above.

b. In the event that a non-Baseball event requiring paid admission is held within the Leased Premises during the term of the lease that has attendance which exceeds 1,000 people, Baseball will pay the City an additional \$500 for lease of the concession space for that event. If the attendance at such an event exceeds 2,000 people, Baseball will pay the City an additional \$1,000 for lease of the concession space for that event.

Section XI-COMPLIANCE WITH PROVISIONS/DEFAULT

Baseball shall comply with the terms and conditions of this agreement in all respects. Any failure by Baseball to comply with the terms of this agreement in connection with alcohol sales, failure to maintain Premises, failure to provide non-alcohol concessions, or booking non-baseball events without permission shall constitute grounds for the City's termination of the franchise mid-season. If this is a multiple year or renewable lease/franchise, such failure to comply may be grounds for the City's refusal to permit Baseball's possession of the premises for the remainder of the lease term.

Section XII– Insurance

a. Baseball agrees to name the City as an additional named insured for its liability coverage, and to provide proof of general liability insurance in the amount of \$500,000 per person and \$1,000,000 per occurrence, and property damage coverage in the amount of \$100,000. Baseball shall provide the City with copies of its declarations pages for the policy or policies during the duration of the Lease Agreement. Baseball's policies of insurance may not limit the City's coverage as an additional insured to vicarious liability issues only.

b. The City will insure the Premises to cover only the City's interest in the event of damage due to fire or other hazard. Baseball agrees that, if the Premises are materially damaged by fire or other casualty, the City is not obligated to restore the Premises, and Baseball will have no claim under this lease against the City for not restoring the Premises.

c. Baseball shall procure and maintain workers' compensation insurance and disability insurance in accordance with the laws of the State of New York. Proof of this insurance must be turned into the Parks and Recreation office before May 15, 2015. This insurance shall cover all persons who are employees of Baseball under the laws of the State of New York. Proof of said insurance shall be provided to the City of Watertown upon signing of this Agreement.

Section XIII– Hold Harmless

Baseball shall indemnify and hold the City harmless, including reimbursement for reasonable attorneys' fees, from any and all loss, costs or expense arising out of any liability or claim of liability for injury or damages to persons or to property sustained by any person or entity by reason of Baseball's operation, use, or occupation of the Premises, or by or resulting from any act or omission of Baseball or any of its officers, agents, employees, guests, patrons or invitees. The liability insurance in the type and amounts identified at Section XII, naming the City as an additional named insured, shall be sufficient for purposes of meeting Baseball's obligations under this paragraph.

Section XIV – Venue and Applicable Law

a. The City and Baseball agree that the venue of any legal action arising from a claimed breach of this Lease is in the Supreme Court, State of New York, in and for the County of Jefferson.

b. This Agreement shall be construed in accordance with the laws of the State of New York.

Section XV – Right of Access

The City reserves the right to enter the Premises by its duly authorized representatives at any reasonable time which does not interfere or conflict with the conduct of the business of Baseball, for the purposes of inspecting the Premises, performing any work necessary to required on the part of the City, exhibiting the Premises, or in the performance of its police powers.

Section XVI – Return of Premises

Baseball agrees to return the Premises to the City, upon the expiration of this Lease, in as good condition as when Baseball received possession of the Premises, reasonable wear and tear excepted, and excepting damage to the Premises caused by others when the Premises were not under the control of Baseball. The City and Baseball will conduct an initial walk through of the Premises at the beginning of the lease term. Upon expiration of the lease, The City and Baseball will conduct a final walk through of the Premises

Section XII– Notice

All notices required to be given under this Lease shall be in writing and shall be deemed to have been duly given on the date mailed if sent by certified mail, return receipt requested, to:

To City: Sharon Addison, City Manager
City of Watertown
245 Washington Street
Watertown, New York 13601

To Baseball: Bruce Zicari, CEO
Watertown Bucks, Inc.
38050 Ledgewood Lane
Clayton, NY 13624

A party may change the address to which notices are to be sent by written notice actually received by the other party.

IN WITNESS WHEREOF, the City and Baseball will have caused this Lease to be executed by authorized agents to be effective as of May 15, 2015.

THE CITY OF WATERTOWN, NEW YORK

By: _____
Sharon Addison, City Manager

WATERTOWN BUCKS INC.

By: _____
Bruce Zicari, CEO

ABC Law Rules and Guidelines

- You must provide the City of Watertown with a copy of your license certificate at least 24 hours before the start of your event.
- You as the licensee are responsible for the activities of employees and patrons in all parts of the licensed premises, even if you are not always physically present, to ensure that the business is operating in accordance with the ABC Law.
- Your license certificate must be displayed so that it is in a conspicuous place inside the premises near the point of sale. Copies of the certificate for posting purposes are not acceptable.
- If you wish to make any changes in the structure of your corporation, or if you wish to change the individuals on the license, you must file the appropriate application and obtain approval from the Authority before making these changes.
- Appropriate books and records detailing purchases with invoices and the amount of each sale must be maintained at the premises and made available for inspection by SLA investigators.
- Bartenders, waitresses, waiters, hostesses and/or any persons who handle and receive payment for alcoholic beverages must be at least 18 years old.
- Bus persons and dishwashers who handle containers which have held alcoholic beverages must be at least 16 years old and must be directly supervised by someone at least 21 years old.
- According to Section 260.21 of the Penal Law, persons under the age of 16 must be accompanied by a parent or guardian to enter an on premises establishment.
- Alcoholic beverages must be consumed on the premises.
- Hours of sale are determined by the closing hours in the county where your establishment is located and your license/permit. Be sure you know the proper hours.
- You must have a valid bond in effect at all times.
- Purchases of alcoholic beverages must be made from duly licensed manufacturers and wholesalers. Purchases from retail stores or from any other retail licensee for resale are not permitted.
- Gambling of any type, either professional or social, is not permitted on any licensed premises. Exceptions are the sale of lottery tickets when licensed by the

Division of the Lottery and bingo or games of chance when authorized by the State Racing and Wagering Board.

- Refilling or tampering with the contents of any container containing alcoholic beverages is not permitted.
- An alcoholic beverage must be dispensed from the container in which it was received from the wholesaler.
- Any plans to make major physical changes or to substantially alter the licensed premises in any way may require permission from the authority prior to construction.
- Patrons may consume drinks purchased before closing hours up until one-half hour after the legal closing hours.
- To prevent sales to minors, ask for proof. It is a crime to give or sell alcoholic beverages to anyone under the age of 21. You should instruct your employees to check for proof of age before selling any alcoholic beverages. Acceptable documents for identification:
 - Valid New York State driver's license or a valid driver's license from any other state or Canada.
 - Valid identification issued by the New York Department of Motor Vehicles (non-Driver ID card).
 - Valid United States military identification.
 - Valid passport or visa from the United States government or any other country.

**College ID OR Sheriff's ID Cards
are *NOT* acceptable Proof of Age.**

- Have a written policy on what you expect from employees when making alcoholic beverage sales and post the policy for all employees to see.
- Post a "Date Born After" sign in close proximity to all cash registers.
- Establish an ongoing training and education program for all employees.
- Be sure your bartenders, wait staff and clerks understand that they can be arrested for selling alcoholic beverages to minors and/or intoxicated people.
- Support your employees when they refuse to make a sale.
- Encourage responsible drinking when advertising your establishment. Do not use advertising and/or promotions which are designed as inducements for teenagers to drink.

Recognize the signs of intoxication

Slurred speech

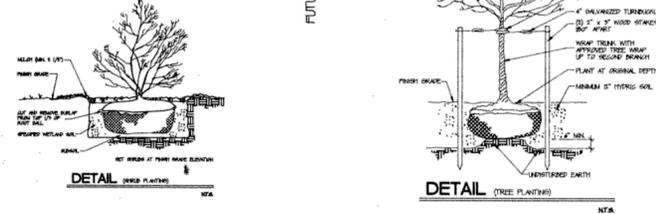
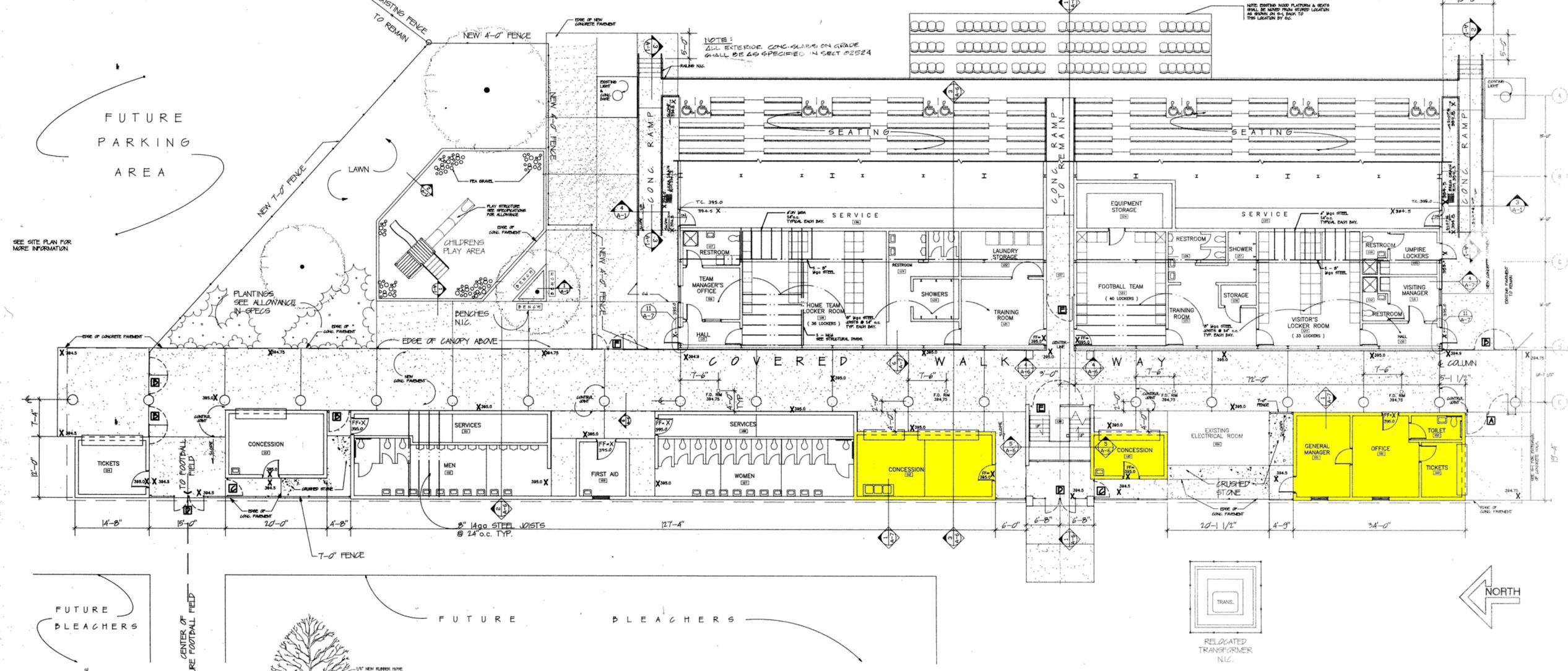
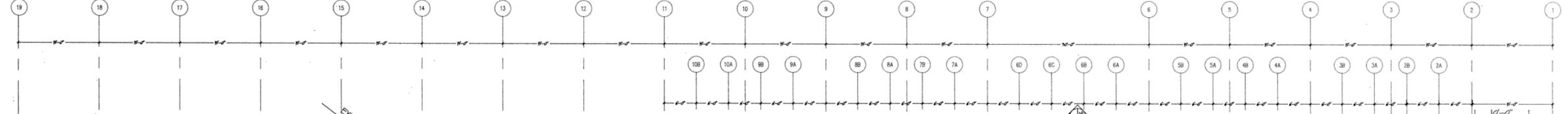
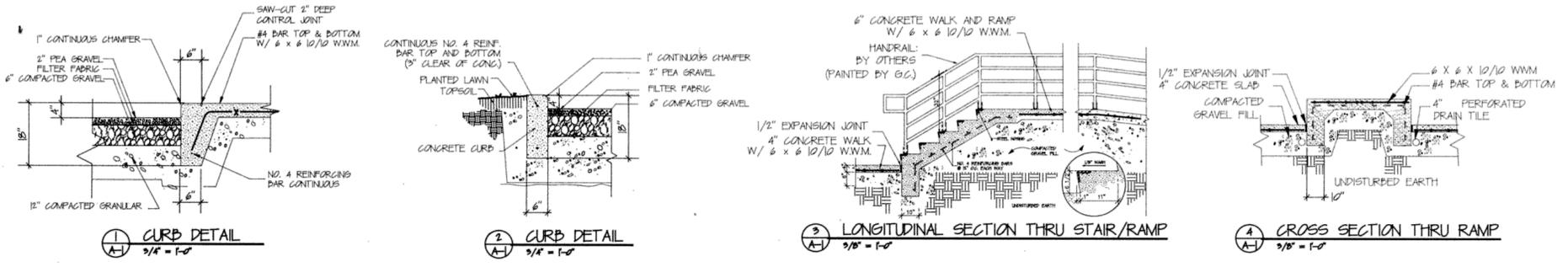
Mood swings

The smell of alcohol

Loud, abusive, profane language

Staggering or falling

"EXHIBIT A"



FLOOR PLAN

1/8" = 1'-0"

REVISIONS: DRAWN: ELF CHK'D BY: SWY	JOB NO.: 92049.03 DATE: 7 FEB. 1994 SCALE: AS NOTED	OVERALL FLOOR PLAN GRANDSTAND IMPROVEMENTS ALEX T. DUFFY FAIRGROUNDS COFFEEEN STREET, WATERTOWN, NEW YORK	SHEET NO. A-1
--	---	---	-------------------------

GYMO ARCHITECTURE, ENGINEERING & LAND SURVEYING, P.C.

January 14, 2015

To: The Honorable Mayor and City Council

From: Erin E. Gardner, Superintendent of Parks and Recreation

Subject: Lease Agreement with the Watertown Bucks, Inc.

Attached for Council consideration and approval is the Lease Agreement for the Watertown Bucks, for the 2015 season. Mr. Bruce Zicari is the owner of the new East Coast Baseball League team. The season will run from May through August. The Parks and Recreation Department is extremely excited to work with the Watertown Bucks. Superintendent Gardner will be available at the Council Meeting to answer any questions.

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Appendix B to Contract Between the City of Watertown and State of New York, Unified Court System

Chapter 686 of the Laws of 1996 requires the State of New York to contract with political subdivisions of the State for the cleaning of court facilities, as well as minor emergency repairs to the facilities. On November 4, 2013, the City Council approved entering into a five-year Agreement with the New York State Unified Court Systems for the period April 1, 2013 through March 31, 2018.

The period of this contract is April 1, 2014 through March 31, 2015. Attached is a budget proposal, known as Appendix B to the contract, which provides the City of Watertown with reimbursement under the Court Cleaning and Minor Repairs Program for services and space provided to City Court.

The proposed budget for services rendered under the terms of the contract period is \$37,897. A detailed copy of the budget request is attached for City Council review.

A resolution approving the proposed budget has been prepared for City Council consideration.

RESOLUTION

Page 1 of 1

Approving Appendix B to Contract Between the City of Watertown and State of New York, Unified Court System

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R
 Mayor GRAHAM, Jeffrey E.
 Total

YEA	NAY

Introduced by

WHEREAS the City of Watertown, New York is responsible for providing and maintaining space for the operation of City Court, and

WHEREAS reimbursement for such services is available to the City from the Unified Court System of the State of New York,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the Court Cleaning and Minor Repair Program Proposed Budget, Appendix B to the contract between the City of Watertown and the State of New York Unified Court System for Fiscal Year 2014-2015, and

BE IT FURTHER RESOLVED that the City Manager, Sharon Addison, is hereby authorized and directed to execute the document on behalf of the City of Watertown.

Seconded by

**Unified Court System
Court Cleaning and Minor Repairs Proposed Budget Form**

(Appendix B to a contract between a local government entity and the NYS Unified Court System pursuant to Chapter 686, Laws of 1996)

State Fiscal Year: APRIL 1, 2014 TO MARCH 31, 2015

Name of County or City: City of Watertown, NY
245 Washington Street
Watertown, NY 13601

Court Spaces to be Cleaned and
Repaired Pursuant to this Budget

List Court Buildings: Name and Address of Each Court Building (Including County Clerk Space)	Owned or Leased	Total Building Net Usable Square Feet	Court Related	
			Net Usable Sq. Ft.	Aid Eligible Percentage
Municipal Building - City Hall	Owned	30,072	7,531	25%
245 Washington Street				
Watertown, NY 13601				
Combined		30,072	7,531	25%

Note: Divide Court SF by Total SF for percent

Anticipated Changes in Location or Space Utilization:

Name and Address of Affected Building(s)	Nature of Changes	Target Date

1 Cleaning Costs:

1(a) Service Contracts

Budget Line #	Contractor	Type of Service	Building	Contract Amounts for Budget Period	Aid Eligible Percentage	Budget Request
1						
2						
3						
4						
5						
6						
1(a) Subtotal:						\$0

1(b) Local Payroll

No. of Positions	Building	Annual Wages	Fringe Benefits	Total Personal Service Costs	Aid Eligible Percentage	Budget Request	
7	1	Municipal Bldg.	\$32,170	\$14,990	\$47,160	25%	\$11,790
8							
9							
10							
11							
12							
1(b) Subtotal:						\$11,790	

1(c) Supplies and Equipment

Type of Material	Building	Quantity/Unit	Costs	Aid Eligible Percentage	Budget Request	
13	Cleaning Supplies	Municipal Bldg.	0	\$12,000	25%	\$3,000
14						
15						
16						
17						
18						
1(c) Subtotal:					\$3,000	

1(d) - Total Cleaning Costs (1a+1b+1c): \$14,790

2 Trash Removal and Disposal

2(a) Trash Removal

	Contractor or Agency	Building	Quantity/Unit	Costs	Aid Eligible Percentage	Budget Request
19	Watertown Public Works	Municipal Bldg.		\$6,250	25%	\$1,563
20						
21						
22						
23						
2(a) Total:						\$1,563

2(b) Trash Disposal

	Contractor or Agency	Building	Quantity/Unit	Costs	Aid Eligible Percentage	Budget Request
24	Watertown Public Works	Municipal Bldg.		\$9,300	25%	\$2,325
25						
26						
27						
28						
2(b) Total:						\$2,325

2(c) - Total Trash Removal & Disposal (2a+2b): 2(c) **\$3,888**

3 HVAC Cleaning Costs

3(a) Duct Work Cleaning and Filter Changing By Service Contract

	Contractor	Type of Service	Building	Contract Amounts for Budget Period	Aid Eligible Percentage	Budget Request
29						
30						
31						
32						
33						
34						

3(a) Subtotal:

\$0

3(b) Duct Work Cleaning and Filter Changing by Local Payroll

	No. of Positions	Building	Annual Wages	Fringe Benefits	Total Personal Service Costs	Aid Eligible Percentage	Budget Request
35							
36							
37							
38							
39							
40							
3(b) Subtotal:							\$0

3(c) Filter Changing - Filters Only

	Type of Material	Building	Quantity/Unit	Costs	Aid Eligible Percentage	Budget Request
41						
42						
43						
44						
45						
46						
3(c) Subtotal:						\$0

3(d) Total HVAC Ductwork Cleaning & Filter Changing Costs (3a+3b+3c): 3(d) \$0

4 GRAND TOTAL - ALL "CLEANING COSTS": Grand Total Boxes 1d + 2c + 3d: 4 \$18,678

- 5 Proposed "Tenant" Work Use the following codes: a - Flooring and Carpeting
 b - Painting
 c - Interior Ceilings
 d - Bathrooms
 e - Fixtures
 f - Minor Renovation
 g - Other (Identify)

Work to be Performed:

	Code	Describe Work	Building	Wages	Fringe	Supplies	Total Costs	Aid Eligible Percentage	Budget Request
47									
48									
49									
50									
51									
52									
53									
54									
55									
56									
57									
								Total (5):	\$0

6 TOTAL - 100% REIMBURSIBLE EXPENSES: Total (4+5) 6: **\$18,678**
 (Cleaning Costs & Tenant Work)

7 Building and Property Maintenance:

7(a) Service Contracts

Use Codes A-G:

a - Pest Control

b - Elevators

c - HVAC

d - Telephone Wiring

e - Security & Alarm Systems

f - Property Maintenance

g - Other (Identify)

	Code	Contractor	Type Work Performed	Building	Contract Amounts for Budget Period	Aid Eligible Percentage	Budget Request
58	b	Otis	Elevator Maint.	Municipal	\$3,000	25%	\$750
59	c	Siemens	Boiler Maint.	Municipal	\$8,500	25%	\$2,125
60	c	Hyde-Stone	Mech/HVAC Maint.	Municipal	\$25,000	25%	\$6,250
61	f	Avaya	Telephone Maint.	Municipal	\$13,000	25%	\$3,250
62	e	STAT	Alarm System	Municipal	\$800	25%	\$200
63	f	Kraft Power	Generator Maint.	Municipal	\$950	25%	\$238
64	f	Watertown Public W	Snow Debris ad Removal	Municipal	\$8,200	25%	\$2,050
65							
66							
67							
68							
7(a) Subtotal:							\$14,863

7(b) Local Payroll

	No. of Positions	Building	Annual Wages	Fringes	Total Costs	Aid Eligible Percentage	Budget Request
69	1	Municipal	\$44,082	\$14,901	\$58,983	25%	\$14,746
70	1	Municipal	\$11,801	\$4,039	\$15,840	25%	\$3,960
71	1	Municipal	\$63,310	\$30,884	\$94,194	25%	\$23,549
72	1	Municipal	\$32,170	\$14,990	\$47,160	25%	\$11,790
73							
74							
75							
76							
7(b) Subtotal:							\$54,044

7(c) Supplies and Equipment

	Type of Material	Building	Quantity/Unit	Costs	Aid Eligible Percentage	Budget Request
77	Repair parts, small tools,	Municipal		\$3,000	25%	\$750
78	hose, trimmer, snowblower,					
79	misc.					
80						
81						
7(c) Subtotal:						\$750

7 (d) Total - Building and Property Maintenance Costs (7a+7b+7c) 7(d): **\$69,657**

8 Total - Building and Property Maintenance Costs: 8 **\$69,657**

9 Total Cost Reimbursable @ 25% = (Box 8 x 25%) 9 **\$17,414**

10 Total Proposed Direct Costs (Item 6 + Item 9): 10 **\$36,092**

11 Overhead Costs (Item 10 x .05): 11 **\$1,805**

12 Total Proposed Contract Amount (Item 10 + Item 11): 12 **\$37,897**

13 Local Government Certification:

I hereby certify that the cost estimates contained herein were developed using the best available information and that the proposed budget amounts are just, true and correct to the best of my knowledge.

Name: Sharon Addison

Title: City Manager

Signature: _____

County or City: Watertown, NY

Address: 245 Washington Street-Suite 302

Watertown, NY 13601

Date:

Phone:

ENDNOTES:

Use budget line numbers for reference and include remarks or explanations below.

Line No. Explanation:

Line No.	Explanation:

Res No. 5

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Amendment No. 100 to the Management and Management
Confidential Pay Plan

Attached for City Council consideration is a resolution establishing the salary for the position of Benefits Administrator. This job title replaces the position of Administrative Specialist and is at the same salary.

In addition, we propose setting the salary for the Chief Water Treatment Plant Operator at \$56,107.

RESOLUTION

Page 1 of 1

Amendment No. 100 to the Management and Management Confidential Pay Plan

Council Member BURNS, Roxanne M.
Council Member BUTLER, Joseph M. Jr.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Mayor GRAHAM, Jeffrey E.
Total

YEA	NAY

Introduced by

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown, New York, hereby approves Amendment No. 100 to the Management and Management Confidential Pay Plan, for the position listed below, as follows:

<u>Position</u>	<u>Salary</u>
Benefits Administrator	\$40,000
Chief Water Treatment Plant Operator	\$56,107

Seconded by

Res No. 6

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Change Orders No. 4 for WWTP Disinfection Improvement Project, Electrical Work, Dow Electrical Inc.

On June 3, 2013, City Council accepted the bid submitted for the electrical work by Dow Electrical Inc. for the Waste Water Treatment Plant Disinfection Improvement Project in the amount of \$493,000.00.

City Council approved Change Order No. 1 on February 18, 2014, for a decrease in the amount of \$1,824.91, Change Order No. 2 on August 4, 2014 in the amount of \$16,672.88, and Change Order No. 3 on October 6, 2014 for a 35 day extension of time to the contract.

Dow Electrical Inc. has now submitted Change Order No. 4 in the amount of \$4,500 bringing the final total contract amount to \$512,347.97. As detailed in City Engineer Justin Wood's attached report, this Change Order covers work to install a fire alarm panel in the new disinfection building with associated wiring and accessories.

A Resolution is attached for City Council consideration. The current Bond Ordinance is sufficient to cover this additional cost.

RESOLUTION

Page 1 of 1

Approving Change Order No. 4 to Waste Water Disinfection Improvement Project, Electrical Work, Dow Electrical Inc.

Council Member BURNS, Roxanne M.

Council Member BUTLER, Joseph M. Jr.

Council Member JENNINGS, Stephen A.

Council Member MACALUSO, Teresa R.

Mayor GRAHAM, Jeffrey E.

YEA	NAY

Introduced by

WHEREAS on June 3, 2013, the City Council of the City of Watertown approved a bid submitted by Dow Electric, Inc. in the amount of \$493,000.00 for the electrical work for the Waste Water Disinfection Improvement Project, and

WHEREAS City Council approved Change Order No. 1 reducing the amount of \$1,824.91 on February 18, 2014, and

WHEREAS City Council approved Change Order No. 2 in the amount of \$16,672.88 on August 4, 2014, bringing the total contract amount to \$507,847.97, and

WHEREAS City Council approved Change Order No. 3 for a 35 day extension of time to the contract, and

WHEREAS Dow Electrical Inc. has now submitted Change Order No. 4 in the amount of \$4,500 bringing the final contract amount to \$512,347.97,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown approves Change Order No. 4 to the contract with Dow Electrical Inc., a copy of which is attached and made part of this resolution, bringing the final contract amount to \$512,347.97 for the electrical work for the Waste Water Disinfection Improvement Project, and

BE IT FURTHER RESOLVED that City Manager Sharon Addison is hereby authorized and directed to execute the Change Order documents on behalf of the City of Watertown.

Seconded by

Change Order No. 04E

Date of Issuance: 12-16-2014

Effective Date: Date of Owner's Signature

Project: Disinfection Improvements Project	Owner: City of Watertown	Owner's Contract No.: N/A
Contract: Contract No. 2 – Electrical		Date of Contract: July 19, 2013
Contractor: DOW Electrical		Engineer's Project No.: 8614925

The Contract Documents are modified as follows upon execution of this Change Order:

Description: Installation of fire alarm panel in the Disinfection Building with associated wiring and accessories to provide remote alarm indication in the event that the fire suppression system is activated (required by building code, not included in Contract Documents), and miscellaneous receptacles.

Attachments (list documents supporting change):

RFP-06E with supporting documentation from the Electrical Contractor, dated November 7, 2014.

CHANGE IN CONTRACT PRICE:	CHANGE IN CONTRACT TIMES:
Original Contract Price: \$ <u>493,000.00</u>	Original Contract Times: <input type="checkbox"/> Working days <input checked="" type="checkbox"/> Calendar days Substantial completion (days or date): <u>393</u> Ready for final payment (days or date): <u>453</u>
Increase from previously approved Change Orders No. <u>01</u> to No. <u>03</u> : \$ <u>14,847.97</u>	Increase from previously approved Change Orders No. <u>01</u> to No. <u>03</u> : Substantial completion (days): <u>49</u> Ready for final payment (days): <u>49</u>
Contract Price prior to this Change Order: \$ <u>507,847.97</u>	Contract Times prior to this Change Order: Substantial completion (days or date): <u>442</u> Ready for final payment (days or date): <u>502</u>
Increase of this Change Order: \$ <u>4,500.00</u>	Increase of this Change Order: Substantial completion (days or date): <u>7</u> Ready for final payment (days or date): <u>7</u>
Contract Price incorporating this Change Order: \$ <u>512,347.97</u>	Contract Times with all approved Change Orders: Substantial completion (days or date): <u>449</u> Ready for final payment (days or date): <u>509</u>

RECOMMENDED:
By: [Signature]
Engineer (Authorized Signature)

ACCEPTED:
By: _____
Owner (Authorized Signature)

ACCEPTED:
By: [Signature]
Contractor (Authorized Signature)

Date: 12/16/14

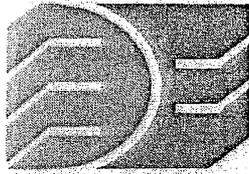
Date: _____

Date: 12/19/2014

Approved by Funding Agency (if applicable): _____

Date: _____

G:\86\14925\Construction\Change Orders\EC\CO-04E\CO-04E.docx



DOWELECTRIC
I N C O R P O R A T E D

3874 State Route 11 Malone, New York 12953

PH: 518-483-9777 FAX: 518-483-9784

<u>FireLite 5 Zone Panel with uduct</u>	Quantity	Per/Unit	Total
Electrical Materials	1 Lot	\$ 268.52	\$ 268.52
Alltech Materjals	1 Lot	\$1,763.32	\$ 1,763.32
Labor 1-Electrician	26 Hours	\$ 59.53	\$ 1,547.78
Sub-Total			\$ 3,579.62
Overhead and Profit(if Applicable)	15%		\$ 536.94
Total			\$ 4,116.56

AllTech Integrations, Inc.

the N.Y.S. Dep't. of State
7463 State Route 11
Potsdam, NY 13676

Quote

Rep	Date	Quote #
TWQ	10/2/2014	4857WATTREA

Name / Address
DOW ELECTRIC 3874 STATE ROUTE 11 MALONE, NY 12953

Ship To

Item	Description	Qty						
MS5UD	Watertown water treatment							
PM1270	FIRELITE 5 ZONE PANEL WITH UDACT	1						
2WTB	BATTERY, 12V7AH	2						
P2RK	SMOKE DETECTOR, 2 WIRE	1						
MR101/C/R	OUTSIDE HORN STROBE SYSTEM SENSOR	1						
IM-RJ31XSET	MIRCOM CONTROL FAN CONTROL RELAY IN ENCLOSURE	2						
LABOR - PREVAILING L...	RJ31X 2 CORD AND JACK	2						
ENGINEERING	LABOR - PREVAILING LEAD	8						
DTK-MRJ31XSCPWP	ENGINEERING TIME	2						
	RJ 31X TECO PROTECTION DITEK	2						
<table border="1"> <tr> <td>Subtotal</td> <td>\$1,763.32</td> </tr> <tr> <td>Sales Tax (7.75%)</td> <td>\$0.00</td> </tr> <tr> <td>Total</td> <td></td> </tr> </table>		Subtotal	\$1,763.32	Sales Tax (7.75%)	\$0.00	Total		
Subtotal	\$1,763.32							
Sales Tax (7.75%)	\$0.00							
Total								



EVERYTHING ELECTRIC, INC.
 3874 STATE ROUTE 11 7463 STATE ROUTE 11
 MALONE, NY 12953 POTSDAM, NY 13676
 1-518-483-9740 1-315-265-4500

QuoteNo: 9983
 Date: 11/07/14
 Page: 1

Sold To: HARRY DOW DOW ELECTRIC INC 3874 STATE ROUTE 11 MALONE, NY 12953	Customer No: 36 Phone No: 518-483-9777
Ship To: 3874 STATE ROUTE 11 MALONE, NY 12953	

Project manager:
 Cust. Order #: WATERTOWN WASTE WA Salesperson: #7 - RICHARD

Product Code	Item Description	Qty	Unit Price	Amount
WYR4P24B7CM5	CAT 5e 4PR 24GA. 50781106 BLU	700	0.136	95.20
PVCFPJB-444	EO51444 4 X 4 X 4 PVC BOX	2	10.78	21.56
CROLT5090	1/2" 90 DEG L.T. CONNECTOR	12	4.154	49.85
CROLT50NM	1/2" STR NM TWIST LT CONN.	4	1.166	4.66
PVCFPBDC	E049009 DOUBLE FSB BLANK COVE	2	5.18	10.36
PVCFPTA-75	EO11075 3/4" MALE ADAPTER	4	0.33	1.32
CRO12X	3/4" LOCKNUTS	4	0.166	0.66
WYR16-2OAS	16-2 OVERALL SHIELD GREY 1221	140	0.258	36.12
ARLNM2010	3/4 EMT CLICK STRAPS	10	0.728	7.28
CRORC75	3/4" GALV. COUPLING	1	2.30	2.30
EMT075	3/4" EMT CONDUIT	60	0.541	32.46
CRO1B	3/4" MINERALIC STRAPS	8	0.448	3.58
CRO451	3/4" EMT STEEL S/S CONNECTOR	6	0.378	2.27
CRO461	3/4" EMT STEEL S/S COUPLING	2	0.45	0.90

Sub-Total:	268.52
:	
Shipping:	0.00
Tax [0]:	EXEMPT *
Total:	268.52

All Conduit and Wire Prices Valid for 5
 No Returns on Special Order Items!

Amount Paid:	0.00
Amount Due:	0.00
Change:	0.00



CITY OF WATERTOWN
ENGINEERING DEPARTMENT
MEMORANDUM

DATE: 13 January 2015

TO: Sharon Addison, City Manager

FROM: Justin Wood, City Engineer

SUBJECT: WWTP Disinfection Project, Change Order #04E

Enclosed is a copy of Change Order #04E for the WWTP Disinfection Project, from DOW Electrical in the amount \$4,500.00. This will bring the final Electrical Contract amount to \$512,347.97. The change order covers work to install a fire alarm panel in the new disinfection building with associated wiring and accessories.

Please prepare a resolution approving these change orders for City Council consideration.

Cc:

Mike Sligar, Superintendent of Water
Jim Mills, Comptroller

Res No. 7

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Amendment No. 6 to Agreement Between City of Watertown and GHD Consulting Engineers, LLC

On August 20, 2012, City Council approved Amendment No. 1 to Professional Services Agreement with GHD Consulting Engineers LLC for the disinfection improvements to the Watertown Wastewater Treatment Plant. On January 2, 2013, City Council approved Amendment No. 2. On April 23, 2013, City Council approved Amendment No. 3. On April 21, 2014, City Council approved Amendment No. 4. On October 6, 2014, City Council approved Amendment No. 5 for an additional cost of \$20,500 to extend the construction phase services for one additional month, bringing the total contract amount to \$795,200.

GHD has now submitted Amendment No. 6 in the amount of \$13,800 at the request of the City, which will extend the construction phase services to May 19, 2015, bringing the total contract amount to \$827,000. As detailed in City Engineer Justin Wood's attached report, this Amendment is necessary as the general contractor, C.O. Falter Construction, was granted an extension of time by Change Order No. 7 on October 6, 2014. Mr. Wood states that while the contractor's delay does not necessarily harm the City, it does require an extension to the construction phase services of GHD to oversee the final items of work. He stresses that the cost of the additional services will be reimbursed to the City by C.O. Falter Construction by change order at the final closeout of the project.

A Resolution is attached for City Council consideration. The current Bond Ordinance is sufficient to cover this additional cost.

RESOLUTION

Page 1 of 1

Approving Amendment No. 6 to Professional Services Agreement, GHD Consulting Engineers LLC

Introduced by

Council Member BURNS, Roxanne M.
 Council Member BUTLER, Joseph M. Jr.
 Council Member JENNINGS, Stephen A.
 Council Member MACALUSO, Teresa R.
 Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY

WHEREAS on August 20, 2012, the City Council of the City of Watertown approved Amendment No. 1 to Professional Services Agreement with GHD Consulting Engineers LLC for the disinfection improvements to the Watertown Wastewater Treatment Plant, and

WHEREAS on January 2, 2013, the City Council of the City of Watertown approved Amendment No. 2 to Professional Services Agreement with GHD Consulting Engineers LLC, and

WHEREAS on April 23, 2013, the City Council of the City of Watertown approved Amendment No. 3 to Professional Services Agreement with GHD Consulting Engineers LLC, and

WHEREAS on April 21, 2014, the City Council of the City of Watertown approved Amendment No. 4 bringing the total amount to \$774,700, and

WHEREAS on October 6, 2014, the City Council of the City of Watertown approved Amendment No. 5 bringing the total amount to \$795,200, and

WHEREAS GHD Consulting Engineers LLC has now submitted Amendment No. 6 which results in an additional amount of \$31,800 to the Agreement,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves Amendment No. 6, a copy of which is attached and made part of this resolution, in the amount of \$31,800 bringing the total amount to \$827,000 to Professional Services Agreement with GHD Consulting Engineers LLC for the disinfection improvements to the Watertown Wastewater Treatment Plant, and

BE IT FURTHER RESOLVED that the City Manager Sharon Addison is hereby authorized and directed to execute the Agreement on behalf of City Council.

Seconded by



AMENDMENT NO. 6

TO AGREEMENT BETWEEN
CITY OF WATERTOWN, NEW YORK
AND
GHD CONSULTING SERVICES INC.

WHEREAS, GHD Consulting Services Inc. (formerly GHD Consulting Engineers, LLC) (ENGINEER) and the City of Watertown, New York (OWNER) entered into an Agreement dated February 1, 2012 for Disinfection Improvements to the Watertown Wastewater Treatment Plant (Project); and

WHEREAS, the Contractor (Contract No. 1) has delayed completion of construction beyond the current contract date of Substantial Completion (October 3, 2014); and

WHEREAS, the Engineering Agreement includes Construction Phase services for a period of fourteen (14) months (from Notice to Proceed July 19, 2013 to September 19, 2014); and

WHEREAS, Amendment No. 5 to this Agreement extended Construction Phase services for one (1) month (to October 19, 2014); and

WHEREAS, since Substantial Completion was delayed beyond the required disinfection season, system start-up must be completed in March 2015; and

WHEREAS, the OWNER has requested ENGINEER to extend Construction Administration and Resident Project Representative (RPR) services for contract time extensions; and

WHEREAS, the Construction Contractor (Contract No. 1) is responsible for OWNER's additional cost due to delay in completion of construction; and

NOW, THEREFORE, ENGINEER and OWNER agree to amend the Agreement as follows.

SCOPE OF SERVICES

1. Extend Construction Administration services for 6 additional months of service (to April 19, 2014).
2. Extend RPR services to provide an additional 23 days (184 hours) for the period of October 19, 2014 to May 19, 2014. ~~5~~

PROJECT COSTS

Construction Administration:

\$11,000 lump sum (approximate breakdown of hours below):

Bruce Munn - Project Director	16 hours
Jason Greene - Project Manager	60 hours
Engineer	8 hours
Support	8 hours

RPR Services:

\$20,800 hourly not-to-exceed (184 hours @ \$95.70/hour, plus \$3,200 expenses)

AUTHORIZATION

The return of one signed copy of this Amendment No. 6, together with a copy of a formal resolution of approval, constitutes acceptance of this Amendment and shall be written authorization for ENGINEER to proceed with the Scope of Service outlined above.

IN WITNESS WHEREOF, the parties hereto have made and executed this Amendment No. 6 as of the last date entered below.

ENGINEER:

GHD CONSULTING SERVICES INC.

By:  _____
Bruce G. Munn, P.E.

Title: _____ Principal _____

Date: 12/3/14 _____

BGM/dlr

OWNER:

CITY OF WATERTOWN, NEW YORK

By: _____

Title: _____

Date: _____



CITY OF WATERTOWN
ENGINEERING DEPARTMENT
MEMORANDUM

DATE: 13 January 2015

TO: Sharon Addison, City Manager

FROM: Justin Wood, City Engineer

SUBJECT: Amendment #6: Wastewater Treatment Plant Outfall Disinfection System Design

Enclosed is Amendment #6 to the Wastewater Treatment Plant Agreement for the Disinfection System Design.

GHD Consulting Services Inc. has submitted Amendment #6 for the Disinfection System Design Agreement at the request of the City. This amendment will extend Construction Phase services to May 19, 2015 to see the project through final completion and closeout.

Construction for the WWTP Disinfection System project began in the spring of 2013, and was scheduled for final completion by November 3, 2014. The general contractor, C.O. Falter Construction, was granted an extension of time by Change Order 07G, but was still unable to complete all items of work. They will return in the spring of 2015 to perform system startup and punch list items.

While the contractor's delay does not necessarily harm the City, it does require an extension to the construction phase services of GHD to oversee the final items of work. **The cost of the additional services with GHD is \$31,800 which would bring the total contract amount to \$827,000. C.O. Falter Construction will reimburse the City for this cost, by change order at final closeout of the project.**

These documents have been reviewed and recommended by the Chief Plant Operator and the Superintendent of Water.

Please prepare a resolution for Council consideration.

cc: Mike Sligar, Superintendent of Water
Jim Mills, Comptroller
File

Res No. 8

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Change Order No. 6 for WWTP Disinfection Improvement Project, HVAC, Hyde-Stone Mechanical

On June 3, 2013, City Council accepted the bid submitted for the HVAC work by Hyde-Stone Mechanical for the Waste Water Treatment Plant Disinfection Improvement Project in the amount of \$473,568.00.

City Council approved Change Order No. 1 on February 18, 2014. City Council then approved Change Orders Nos. 2 and 3 on August 4, 2014, bringing the total contract amount to \$476,475.80. City Council approved Change Order No. 4 on October 6, 2014, in the amount of \$1,139 bringing the total amount to \$477,614.80, as well as Change Order No. 5 for an extension of time.

Hyde-Stone Mechanical has submitted Change Order No. 6 in the amount of \$5,985, bringing the total contract amount to \$483,599.80. As detailed in City Engineer Justin Wood's attached report, this Change Order is to install necessary controllers and instrumentation to automate operation of the hot water boiler system in the Controller Building and integrate into the building management system.

A Resolution is attached for City Council consideration. The current Bond Ordinance is sufficient to cover this additional cost.

RESOLUTION

Page 1 of 1

Approving Change Order No. 6 to Waste Water Disinfection Improvement Project, HVAC, Hyde-Stone Mechanical

Council Member BURNS, Roxanne M.

Council Member BUTLER, Joseph M. Jr.

Council Member JENNINGS, Stephen A.

Council Member MACALUSO, Teresa R.

Mayor GRAHAM, Jeffrey E.

YEA	NAY

Introduced by

WHEREAS on June 3, 2013, the City Council of the City of Watertown approved a bid submitted by Hyde-Stone Mechanical in the amount of \$473,568.00 for the HVAC work for the Waste Water Disinfection Improvement Project, and

WHEREAS City Council approved Change Order No. 1 in the amount of \$1,623.80 on February 18, 2014, and

WHEREAS City Council approved Change Orders Nos. 2 and 3 on August 4, 2014 bringing the total contract amount to \$476,475.80, and

WHEREAS City Council approved Change Orders Nos. 4 and 5 on October 6, 2014 bringing the total contract amount to \$477,614.80, and

WHEREAS Hyde-Stone Mechanical has now submitted Change Order No. 6 in the amount of \$5,985 bringing the total contract amount to \$483,599.80,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown approves Change Order No. 6 to the contract with Hyde-Stone Mechanical, a copy of which is attached and made part of this resolution, in the amount of \$5,985 bringing the total contract amount to \$483,599.80 for the HVAC Mechanical work for the Waste Water Disinfection Improvement Project, and

BE IT FURTHER RESOLVED that City Manager Sharon Addison is hereby authorized and directed to execute the Change Order documents on behalf of the City of Watertown.

Seconded by

Change Order No. 06H

Date of Issuance: 12-01-2014

Effective Date: Date of Owner's Signature

Project: Disinfection Improvements Project	Owner: City of Watertown	Owner's Contract No.: N/A
Contract: Contract No. 3 – HVAC		Date of Contract: August 2, 2013
Contractor: Hyde-Stone Mechanical		Engineer's Project No.: 8614925

The Contract Documents are modified as follows upon execution of this Change Order:

Description: Provide controllers, devices, and instrumentation for the automation of operation, monitoring, and control of the new hot water boiler system and associated pumps in the Control Building. Owner requested upgrade from manual to automatic system control.

Attachments (list documents supporting change):

HVAC Contractor Documentation, dated September 26, 2014, and GHD boiler operational control sequencing memo from November 18, 2014.

CHANGE IN CONTRACT PRICE:

CHANGE IN CONTRACT TIMES:

Original Contract Price:

\$ 473,568.00

Original Contract Times: Working days Calendar days
Substantial completion (days or date): 393
Ready for final payment (days or date): 453

Increase from previously approved Change Orders
No. 01 to No. 05:

\$ 4,046.80

Increase from previously approved Change Orders
No. 01 to No. 05:
Substantial completion (days): 35
Ready for final payment (days): 35

Contract Price prior to this Change Order:

\$ 477,614.80

Contract Times prior to this Change Order:
Substantial completion (days or date): 428
Ready for final payment (days or date): 488

Increase of this Change Order:

\$ 5,985.00

Increase of this Change Order:
Substantial completion (days or date): 7
Ready for final payment (days or date): 7

Contract Price incorporating this Change Order:

\$ 483,599.80

Contract Times with all approved Change Orders:
Substantial completion (days or date): 435
Ready for final payment (days or date): 495

RECOMMENDED:
By: [Signature]
Engineer (Authorized Signature)
Date: 12/1/14
Approved by Funding Agency (if applicable):

ACCEPTED:
By: _____
Owner (Authorized Signature)
Date: _____

ACCEPTED:
By: [Signature]
Contractor (Authorized Signature)
Date: 12/8/14
Date: _____

G:\2614925\Construction\Change Orders\HVAC\CO-06\HCO-06H.docx



MEMO of phone call 11/18/14

WWTP 8614925

Attending: Dudley Saunders PASCO, Jason Greene, Steve Vrana, Jim Fuller GHD.
Purpose to discuss what control can be included in the proposed automatic system.

A. Points of monitoring available:

1. HWS and HWR in Admin Boiler Rm
2. P-1, 2 and 3 Motor current status
3. Boiler Status and Fault

B. Points of control available:

1. Pumps P-1, 2, and 3 ON/OFF thru relays
2. Boiler ENABLE/OFF
3. 4-20 OR 0-10 output to boiler control

C. The sequence desired is: (Final setpoints to be determined)

SUMMER: The Digester boiler provides heat to its building

1. All Pumps OFF
2. Boiler OFF
3. Manual valves closed.

MID SEASON: Defined as when the Digester Boiler can provide all needed heat to its building AND the Admin Bldg without using natural gas. Expected to be below 65 F outdoors, and down to when the Digester Boiler cannot provide all the needed heat.

1. Pumps ON, It is possible that just 1 or 2 pumps will be needed to allow heating to the Admin Bldg
2. Manual Valves open
3. Boiler OFF (as it is not expected to operate)
4. IF the Digester Bldg boiler cannot maintain Loop temperature, the WINTER Mode is started. This could be due to dropping outdoor temperatures or failure in that system. The Loop temperature is sensed buy the HWS/HWR sensors in the Admin Bldg, made possible by at least one pump running. Then the remaining Pumps are on and the boiler is enabled and maintains Loop setpoint.

WINTER:

Initiated when outdoor temp is below a TBD value or when the Loop temperature drops in the MID SEASON MODE

1. All Pumps ON
2. Boiler ENABLED and maintains setpoint.
3. Manual valves open.



- D. LOOP SETPOINT: TBD Since there is no control work between buildings the Digester Boiler is not controlled by this DDC system, nor does the DDC System know the status of that boiler. The DDC System does know the Loop Temperature and that will be the initiation of the WINTER Mode. If normal Loop temperature as maintained by the Digester Boiler is, say 165 F, then a drop to 155F can initiate a WINTER Mode.



Mechanical Services
Building Controls
Since 1893

22962 Murrock Circle, Watertown, New York 13601
Telephone (315) 788-1300 FAX (315) 788-9646

September 26, 2014

ATTN: Jason Greene

GHD Inc.
One Remington Park Drive
Cazenovia, NY 13035

RE: Boiler Sequencing

Dear Mr. Greene:

We are pleased to offer you the following quote for your consideration. The price includes:

- Provide controllers and devices for control of hot water system with one boiler and associated pumps.

SUBCONTRACTOR TOTAL - \$5,700.00

FEE 5% = \$285.00

LUMP SUM TOTAL - \$5,985.00

Please feel free to give me a call if you have any questions or need further information. Thank you for the opportunity to provide you with this quote.

Sincerely,
Hyde-Stone Mechanical Contractors, Inc.

A handwritten signature in black ink, appearing to read 'D. Schneider', is written over the typed name.

David D. Schneider
Project Manager
DDS



1869

CITY OF WATERTOWN
ENGINEERING DEPARTMENT
MEMORANDUM

DATE: 13 January 2015

TO: Sharon Addison, City Manager

FROM: Justin Wood, City Engineer

SUBJECT: WWTP Disinfection Project, Change Order #06H

Enclosed is a copy of Change Order #06H for the WWTP Disinfection Project, from Hyde-Stone Mechanical in the amount of \$5,985.00. This will bring the final HVAC contract to an amount of \$483,599.80. The change order covers work to install necessary controllers, and instrumentation to automate operation of the hot water boiler system in the Controller Building and integrate into the building management system.

Please prepare a resolution approving these change orders for City Council consideration.

Cc:
Mike Sligar, Superintendent of Water
Jim Mills, Comptroller

Tabled

January 14, 2015

To: The Honorable Mayor and City Council

From: Sharon Addison, City Manager

Subject: Approving Intergovernmental Agreement Relative to Dog Control Services With County of Jefferson

The attached Resolution was introduced and Tabled on December 15, 2014, as there were additional questions raised by City Council.

It is recommended that this Resolution remain Tabled until all information requested is available to be presented to Council.

RESOLUTION

Page 1 of 1

Approving Intergovernmental Agreement
Relative to Dog Control Services With
County of Jefferson

Council Member BURNS, Roxanne M.
Council Member BUTLER, Joseph M. Jr.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY

Introduced by

Council Member Stephen A. Jennings

WHEREAS New York State Law requires the City of Watertown to provide the services of a Dog Control Officer and maintain a shelter for dogs, and

WHEREAS the City has the ability to contract with another municipal corporation to provide the services required by law, and

WHEREAS the County of Jefferson has provided Dog Control Service to the towns within the County for a number of years, and

WHEREAS the City of Watertown and the County of Jefferson have successfully consolidated their functions and facilities used for Dog Control since 1999,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the Intergovernmental Agreement Relative to Dog Control Services, a copy of which is attached and made part of this resolution, and

BE IT FURTHER RESOLVED that the City Manager Sharon Addison is hereby authorized and directed to execute the Agreement on behalf of the City of Watertown.

Seconded by Council Member Joseph M. Butler Jr.

INTERGOVERNMENTAL AGREEMENT RELATIVE TO DOG CONTROL SERVICES

This sets forth an Agreement made the _____ day of _____, 2015, by and between the County of Jefferson (the "County"), with municipal offices located at 195 Arsenal Street, Watertown, New York 13601, and the City of Watertown (the "City"), with municipal offices located at 245 Washington Street, Watertown, New York 13601.

Recitals

Article 7 of the New York Agriculture and Markets Law requires the City to provide the services of a dog control officer and to maintain a shelter for dogs.

Under Section 115 of the New York Agriculture and Markets Law, the City may contract with another municipal corporation to provide the services required to be provided by the City.

The County has the authority, facilities and personnel to provide the required dog control services under contract with the City; to that end, it has successfully done so for sixteen years, thus provided operational efficiencies and better overall service to all taxpayers within Jefferson County.

Both the City and County wish to extend the intermunicipal agreement for dog control services because it is in the parties best interest to do so.

Agreement

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. Term:

This Inter-Municipal Agreement shall be for a term of five (5) years, beginning on January 1, 2015 and ending on December 31, 2019.

2. Obligations of the County:

- a. The County shall provide the City with the dog control officer services required by Article 7 of the New York Agriculture and Markets Law and will enforce certain provisions of Chapter 81 of the Watertown City Code, Article I (Sections 81-1, 81-5.1, 81-6, 81-9 and 81-13), Article IA and Article IV, as may be amended, and hereby attached for reference.
- b. The County shall provide and maintain a shelter for seized dogs; will properly care for all dogs in such shelter; will make available for adoption seized dogs not redeemed as provided for in the City Code and when required will make necessary arrangements to humanely euthanize. The shelter shall at all times during the term of this Agreement be under the care and charge of the County and shall be open to the public at reasonable hours.

- c. The County shall adhere to all provisions of Article 7 regarding the seizure, holding, care, redemption and disposition of seized dogs, and will keep all records required by New York Agriculture and Markets Law.
- d. The County shall collect and retain all impoundment fees.
- e. Enumeration services will be provided annually, with approximately one half of the city being done each year. The Dog Control Office shall notify the City Clerk in advance of the provision of these services.
- f. The County shall maintain complete financial records concerning the operation of the dog shelter and its dog control services. The County shall submit an annual program report to the City on or about January 31st of the following year.
- g. The City hereby authorizes the County Dog Control Officer to prosecute actions arising under Section 118 (1) of the Agriculture and Markets Law as violations under the Penal Law. The County will prepare all paperwork necessary for the prosecution of violations of the City Code, and the County's dog control officers will cooperate with the City Attorney for those prosecutions.
- h. The County shall report to the City every 30 days, in a clear and legible manner, the name, address and contact number of City residents responsible for adopting a dog from the County shelter.
- i. The County shall be responsible for removing all dog carcasses from public property within the City.
- j. The County shall investigate the status of an unlicensed dog, as documented in the City's monthly report, and will provide to the City a monthly report which includes the status of the dog, the attempt(s) to contact the owner, and the issue of an appearance ticket, if required.

3. Obligations of the City:

- a. Prior to the adoption of any amendments to Chapter 81 of the Watertown Municipal Code, the City will notify the County. A copy of Chapter 81 of the Watertown Municipal Code is attached for reference.
- b. The City shall remit to the County for 2014, \$91,500 for services provided during the City's Fiscal Year 2014-15; The City shall remit to the County for services provided during Fiscal Year 2015-16, \$93,788. In subsequent years, the amount the City pays will be adjusted by the lesser of the C.P.I. or the overall percentage increase in deficit funding.

- c. In addition to the money described in sub-paragraph b, the City shall remit to the County, on a monthly basis, a portion of all license fees collected by it in the preceding month equal to \$2.50 per dog.
- d. The City shall be responsible for the removal and disposition of animal carcasses on City-owned property.
- e. The City shall remit to the County on a monthly basis, a report of owners whose dog's license has expired.

4. Severability:

If any portion of this Agreement is determined to be invalid by a Court of Law, such invalidity shall not render invalid any remaining portions of this Agreement.

5. Obligation Limited to Funds Available:

The County shall provide the services herein agreed upon within the confines of the funds available therefor and no funds shall be raised by taxation by the County to finance said dog control program.

6. Amendment and/or Modification:

The parties hereto agree that this agreement may be revised, amended and/or modified only in writing, signed by all parties and attached hereto.

7. Termination:

This agreement may be terminated by either party at the end of any calendar year by the giving of notice in writing at least six months prior to the end of said calendar year, said six month period to commence on the day of mailing of said notice.

8. No Waiver:

In the event that the terms and conditions of this agreement are not strictly enforced by the County, such non-enforcement shall not act or be deemed to act as a waiver or modification of this agreement, nor shall such non-enforcement prevent the County from enforcing each and every term of this agreement thereafter.

9. Compliance With All Laws:

The County agrees that during the performance of the work required pursuant to this agreement, the County and all employees working under its direction and within the scope of employment shall comply with all applicable federal, state, and local laws, ordinances, rules, and/or regulations controlling or limiting in any way the performance of the work required by this

agreement. Any and all provisions required by law to be incorporated into this agreement shall be deemed to be inserted herein, and this agreement shall be read and enforced in conformance with such provision(s).

10. Right of County to Subcontract Services:

The County retains the right to subcontract for veterinarian, euthanising and cremation services or any other services not enumerated and/or otherwise required under this Agreement.

11. Choice of Law:

This agreement shall be governed by and under the laws of the State of New York. In the event of a dispute between the parties under this agreement, venue for resolution of such dispute shall be the County of Jefferson, New York.

12. Notices:

Any and all notices and payments required hereunder shall be addressed as follows, or to such other address as may be designated hereafter in writing by either party:

Notice to the County:

County Administrator's Office
195 Arsenal Street
Watertown, NY 13601

Notice to the City:

City Manager's Office
245 Washington Street
Watertown, NY 13601

13. Extent of Agreement:

This agreement constitutes the entire integrated agreement between and among the parties hereto.

All of the above was established by the following signatures authorized by the respective parties.

Dated: _____

The City of Watertown

By: _____

Dated: _____

The County of Jefferson

By: _____

Tabled

January 14, 2015

To: The Honorable Mayor and City Council

From: Kenneth A. Mix, Planning & Community Development Coordinator

Subject: Approving Whitewater Park Public Access Limited Use Agreement
With Hole Brothers Holdings, LLC

The attached Resolution was introduced and Tabled on October 20, 2014.
A copy of the Agreement can be found in the Agenda for the October 20 meeting.

It is recommended that this Resolution remain Tabled until a response is
received from the New York State Department of State.

RESOLUTION

Page 1 of 1

Approving Whitewater Park Public Access Limited Use Agreement with Hole Brothers Holdings, LLC

Council Member BURNS, Roxanne M.
Council Member BUTLER, Joseph M. Jr.
Council Member JENNINGS, Stephen A.
Council Member MACALUSO, Teresa R.
Mayor GRAHAM, Jeffrey E.

Total

YEA	NAY
	4

Introduced by

Council Member Teresa R. Macaluso

WHEREAS an Agreement with Hole Brothers Holdings LLC for the limited use for a portion of Whitewater Park has been drafted, and is attached and made part of this resolution, and

WHEREAS the City Council wishes to enter into said Agreement for the reasons recited in the Agreement,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown, New York, hereby approves the Whitewater Park Public Access Limited Use Agreement between the City of Watertown, New York, and Hole Brothers Holdings LLC, and

BE IT FURTHER RESOLVED that the Mayor, Jeffrey E. Graham, is hereby authorized and directed to sign the Limited Use Agreement on behalf of the City Council.

Seconded by Council Member Roxanne M. Burns

January 14, 2015

To: City Council Members
From: Jeffrey E. Graham, Mayor
Subject: Performance Review of City Manager and City Clerk

It is again time for the annual review and appraisal of both the City Manager and City Clerk. We will be receiving material from each in the near future. Please plan to meet in Executive Session after the February 9 City Council Work Session to review and discuss this material.

I will plan to have resolutions available for the February 17 City Council Meeting to adopt our findings. If you have any questions, please call me.

January 14, 2015

To: The Honorable Mayor and City Council
From: Sharon Addison, City Manager
Subject: Permanent Appointment of City Engineer

Justin L. Wood has been serving as City Engineer since the departure of Kurt W. Hauk last September.

I have officially appointed Mr. Wood as the City Engineer effective January 20, 2015, and he has accepted this appointment at the same salary of \$80,000. No change to the Management and Management Confidential Pay Plan is necessary.

January 5, 2015

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Tax Sale Certificate Assignment – 591 Rear Main Street West

On November 5, the City held a public auction to assign its tax sale certificate for 591 Rear Main Street West. The high bidder from that auction, Steven Yelle, has declined to follow through with the assignment due to the excessive and potential environmental risks associated with the parcel along with the additional expense of the Hudson River Black River Regulating District Annual Assessment. He recognizes he has lost his \$2,000 deposit.

The only other participant at the auction for this tax sale certificate was Reg Schweitzer. I have contacted him, and he would be willing to accept the assignment at his opening bid of \$1,000. City Council can elect to accept this bid, hold another public auction, take title to the parcel itself or continue to hold the tax sale certificate. Staff does not have an estimate on the cost of cleaning this parcel should the City accept the tax deed.

January 14, 2015

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Fiscal Year 2013-14 Audit Report

Attached for your review is a copy of the independent audit report for the fiscal year ended June 30, 2014 as prepared by Bowers & Company CPAs PLLC. The audit report is also available on the City Comptroller's web page.

CITY OF WATERTOWN,
NEW YORK

FINANCIAL STATEMENTS

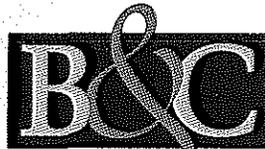
June 30, 2014

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**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF WATERTOWN, NEW YORK**, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, New York as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-18, the supplementary schedule of the funding progress of the post employment healthcare benefit plan on page 66 and the budgetary comparison schedule on page 67 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Watertown, New York's basic financial statements. The accompanying schedule of expenditures of federal awards on page 73 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards on page 73 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on page 73 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, on our consideration of the City of Watertown, 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 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 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 the City of Watertown, New York's internal control over financial reporting and compliance.

Bowers & Company

Watertown, New York
December 16, 2014

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

As management of the City of Watertown (the "City") we offer this overview and analysis of the financial activities of the City of Watertown for the fiscal year ended June 30, 2014. This discussion and analysis is designed to (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the approved budget, and (e) identify individual fund issues or concerns. Since management's discussion and analysis is designed to focus on the current year's activities, resulting changes, and known facts, readers are encouraged to consider the information presented here in conjunction with the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The assets of the City of Watertown exceeded its liabilities at June 30, 2014 by \$91,045,704. Of this amount unrestricted net position of \$2,543,560 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$3,803,691 in fiscal year 2013-14, with a decrease of \$4,556,671 in governmental activities and an increase of \$752,980 in business-type activities.
- At the close of the current fiscal year, the City of Watertown's governmental funds reported combined ending fund balances of \$16,723,738.
- General Fund revenues of \$40,021,979 on a budgetary basis fell short of budgeted revenues by \$12,627 or 0.03% while budgetary basis expenditures finished \$2,924,359 lower than budgeted expenditures. These results reduced the need to use the full \$3,295,578 in appropriated fund balance budgeted for in the 2013-14 General Fund budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,106,847 or 22.57% of total General Fund expenditures.
- The City issued \$4,485,000 on June 18, 2014 in general obligation bonds with interest rates ranging from 1.00% to 2.625% to advance refund \$4,500,000 of outstanding January 1, 2005 and November 15, 2005 serial bonds with average interest rates of 4.00% to 4.375%. The January 1, 2005 outstanding bonds were redeemed on July 19, 2014 and the November 15, 2005 outstanding bonds were redeemed on November 15, 2014. A combined difference in cash flow requirements of \$346,783 and a net present value savings of \$327,420 were a result of this advance refunding by the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

FINANCIAL HIGHLIGHTS - Continued

- The City issued \$1,195,000 in serial bonds dated April 10, 2014 maturing April 1, 2024 at interest rates ranging from 1.50% through 2.75% (priced to yield 2.08%) to provide financing for various capital projects.
- The City issued \$5,110,000 in serial bonds dated April 10, 2014 maturing April 1, 2029 at interest rates ranging from 2.00% through 3.25% (priced to yield 2.92%) to provide financing for the waste water treatment plant's disinfection facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow users to address relevant questions, broaden a basis for comparison (inter-period or intergovernmental) and enhance the City's accountability. This report also contains supplementary information in addition to the basic financial statements, which further explains and supports the information presented in these statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Watertown's finances, in a manner similar to a private-sector business. All of the activities of the City, except of a fiduciary nature, are included in these statements. The government-wide statements provide short-term and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City's assets (including capital assets) and liabilities (including long-term debt), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base, bond ratings, the condition of its infrastructure, and the County's sales tax base, should also be considered.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Since full accrual accounting is used for the government-wide statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and interest payments on debt). This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions are self-supporting and/or dependent on general taxes and other revenues for support.

Both of the government-wide financial statements distinguish functions of the City of Watertown that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include most of the City's basic services such as the City's fire and police services, public works, parks and recreation, the bus system, library and general government support. Sales tax, property taxes, and State Aid finance most of these services. The business-type activities of the City include the water and sewer utilities. User fees support these activities.

The government-wide financial statements include not only the City of Watertown itself (known as the primary government), but also the Watertown Empire Zone as a blended component unit as it is not a legally separate entity and the Roswell P. Flower Memorial Library Board of Trustees as a discretely presented component unit.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. These statements provide more detailed information about the City's most significant funds (major funds) and not the City as a whole. All of the funds of the City can be divided into three categories: (1) governmental funds, (2) proprietary funds and (3) fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Fund Financial Statements - Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term sources and uses of available resources. These funds are reported using the modified accrual method of accounting that measures cash and all other financial assets that can be readily converted to cash.

The governmental funds statements provide a more 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 the focus (current financial resources) of governmental funds is narrower than that of the government-wide financial statements (total economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Watertown maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balance for the General, Capital Projects and Community Development Funds, which are considered to be the City's major governmental funds. Data for the other governmental funds is combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, a Budgetary Comparison Schedule for the General Fund has been provided as Required Supplemental Information following the Basic Financial Statements.

Proprietary Funds

Proprietary 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 Watertown has two proprietary or enterprise funds. The City's proprietary funds are the Water and Sewer Funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, both of which are considered to be major funds of the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Fund Financial Statements - Continued

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. While these funds represent trust responsibilities of the City, these assets are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not reflected in the government-wide financial statements. These funds are reported using the accrual accounting method.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements. This section includes the budgetary comparison schedule for the General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2014, the City's assets exceeded liabilities by \$91,045,704 compared to \$94,849,395 at June 30, 2013. By far the largest portion of the City's net position (93.20%) reflects its investment in capital assets (e.g. land, building, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$3,649,718 or 4.01% of the net position represents resources that are subject to external restrictions on how they may be used. Currently, the amount of restricted net position represents the net position of the Watertown Empire Zone, Alex T. Duffy Fairgrounds Stadium Repair Reserve Fund, Capital Reserve Fund, Tourism Fund, Community Development Fund, Capital Projects Fund, Workers Compensation Fund, Insurance Liability Fund and Debt Service Fund. The unrestricted net position, \$2,543,560 compared to \$5,806,695 last year, may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF WATERTOWN, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

City of Watertown's Net Position						
	Governmental Activities		Business-type Activities		Total	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Current and other assets	\$24,272,742	\$23,367,213	\$9,326,473	\$6,116,422	\$33,599,215	\$29,483,635
Capital Assets	69,656,171	71,413,449	38,476,819	34,878,644	108,132,990	106,292,093
Total Assets	\$93,928,913	\$94,780,662	\$47,803,292	\$40,995,066	\$141,732,205	\$135,775,728
Deferred Outflows	117,958	-	-	-	117,958	-
Long-term liabilities outstanding	\$25,150,855	\$22,828,710	\$12,774,133	\$8,134,162	\$37,924,988	\$30,962,872
Other liabilities	9,853,967	8,353,232	3,025,504	1,610,229	12,879,471	9,963,461
Total liabilities	\$35,004,822	\$31,181,942	\$15,799,637	\$9,744,391	\$50,804,459	\$40,926,333
Net Position:						
Invested in Capital Assets, net of related debt	\$55,321,873	\$55,824,359	\$29,530,552	\$28,540,583	\$84,852,425	\$84,364,942
Restricted	3,635,806	4,514,880	13,913	162,878	3,649,719	4,677,758
Unrestricted	84,370	3,259,481	2,459,190	2,547,214	2,543,560	5,806,695
Total Net Position	\$59,042,049	\$63,598,720	\$32,003,655	\$31,250,675	\$91,045,704	\$94,849,395

As of June 30, 2014, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories- governmental and business-type activities.

CITY OF WATERTOWN, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

The following table provides a summary of the City's operations for the year ended June 30, 2014.

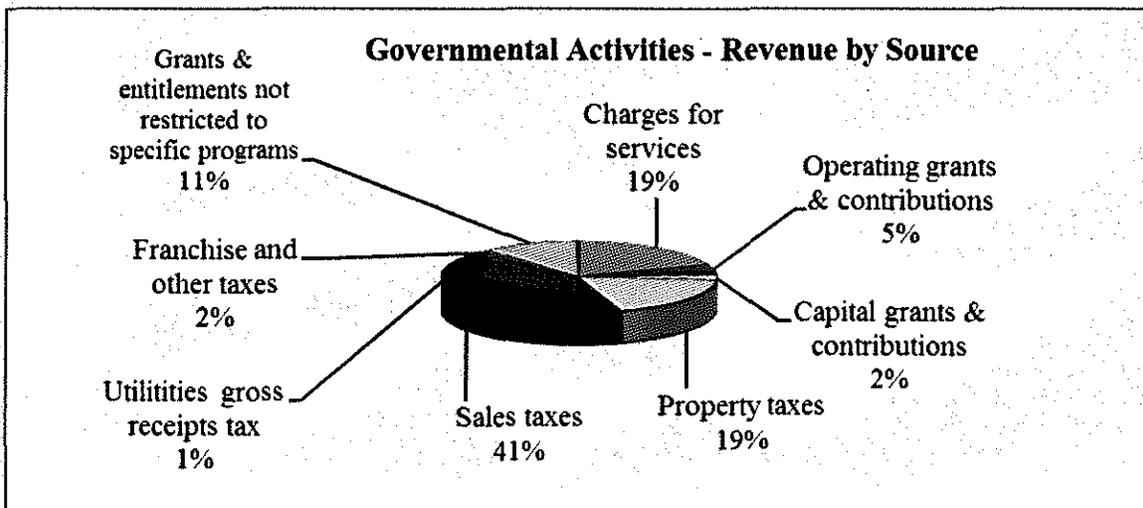
City of Watertown's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Revenues:						
Program Revenues:						
Charges for services	\$8,056,136	\$7,203,333	\$10,194,269	\$10,107,067	\$18,250,405	\$17,310,400
Operating grants and contributions	2,078,421	863,653	-	-	2,078,421	863,653
Capital grants and contributions	887,561	629,919	617,105	164,190	1,504,666	794,109
General revenues:						
Property taxes	7,917,421	7,733,866	-	-	7,917,421	7,733,866
Sales tax	17,017,000	17,247,801	-	-	17,017,000	17,247,801
Utilities gross receipts tax	350,345	329,528	-	-	350,345	329,528
Franchise tax	388,550	412,138	-	-	388,550	412,138
Mortgage tax	363,701	480,981	-	-	363,701	480,981
Hotel occupancy tax	241,395	250,684	-	-	241,395	250,684
Grants and Entitlements not restricted to specific programs	4,703,208	7,803,208	-	-	4,703,208	7,803,208
Investment earnings	106,337	18,568	50,323	2,502	156,660	21,070
Total revenues	\$42,110,075	\$42,973,679	\$10,861,697	\$10,273,759	\$52,971,772	\$53,247,438
Expenses:						
General government support	\$13,926,627	\$14,032,867	-	-	\$13,926,627	\$14,032,867
Hydroelectric production	634,045	631,684	-	-	634,045	631,684
Fire	8,882,262	8,274,802	-	-	8,882,262	8,274,802
Police	7,653,938	7,282,227	-	-	7,653,938	7,282,227
Other Public Safety	349,786	565,548	-	-	349,786	565,548
Public Works	7,091,270	6,780,642	-	-	7,091,270	6,780,642
Bus	910,460	885,209	-	-	910,460	885,209
Watertown Empire Zone	4,376	5,681	-	-	4,376	5,681
Other Economic Assistance	106,008	116,232	-	-	106,008	116,232
Library	1,208,378	1,110,602	-	-	1,208,378	1,110,602
Other Culture and Recreation	2,006,903	1,977,977	-	-	2,006,903	1,977,977
Refuse and Recycling	883,759	936,054	-	-	883,759	936,054
Other Home and Community Serv.	2,462,697	342,932	-	-	2,462,697	342,932
Interest on Debt Service	576,237	635,822	-	-	576,237	635,822
Water	-	-	5,152,941	4,730,740	5,152,941	4,730,740
Sewer	-	-	4,925,776	5,031,682	4,925,776	5,031,682
Total Expenses	\$46,696,746	\$43,578,279	\$10,078,717	\$9,762,422	\$56,775,463	\$53,340,701
Excess of Revenues over Expenses	(4,586,671)	(604,600)	782,980	511,337	(3,803,691)	(93,263)
Transfers	30,000	30,000	(30,000)	(30,000)	-	-
Change in Net Position	(4,556,671)	(574,600)	752,980	481,337	(3,803,691)	(93,263)
Net Position - Beginning	63,598,720	64,173,320	31,250,675	30,769,338	94,849,395	94,942,658
Net Position - Ending	\$59,042,049	\$63,598,720	\$32,003,655	\$31,250,675	\$91,045,704	\$94,849,395

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Governmental activities. Governmental activities decreased the City's net position by a total \$4,556,671 compared to last year's decrease of \$574,600. Key elements of the year are as follows:

- Sales tax revenue totaled \$17,017,000 which was a decrease of \$230,801 or 1.34% over last year's total of \$17,247,801. Sales tax revenue represented 40.41% of the governmental activities' revenue in FY 13/14 compared to 40.14% in FY 12/13.
- The base level of New York State Aid to Municipalities (AIM) remained unchanged from the FY 2012-13 level of \$4,703,208.
- Sale of excess hydro-electric power totaled \$3,906,347 which was an increase of \$830,243 or 26.99% over last year's total of \$3,076,104.
- The Sewalls's Island environmental rehabilitation costs of \$900,545 were expensed in FY 13/14 but were previously being reported as construction-in-progress.
- The City received \$770,523 in Federal and State Aid for various capital projects which is an increase of \$205,636 from the amount received last year for Federal and State grants for capital projects. Some of the major projects include the Consolidated Local Street and Highway Improvement Program for various streets (\$511,817), recycling trucks (\$92,489), former Ogilvie site environmental rehabilitation (\$21,751), and the Factory Street reconstruction project (\$144,466).



MANAGEMENT'S DISCUSSION AND ANALYSIS

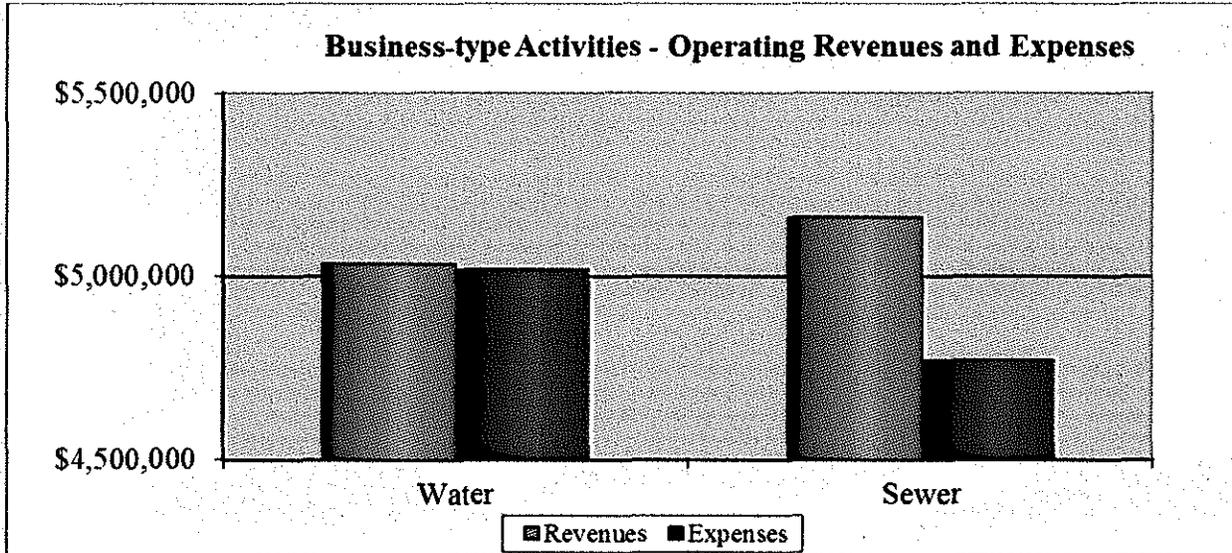
June 30, 2014

Business-type activities. Business-type activities increased the City's net position by \$782,980 compared to \$481,337 last year. Key elements for this year are as follows:

- Water operating revenues increased by \$180,602 or 3.72% to \$5,034,127 while operating expenses increased by \$412,842 or 8.96% to \$5,018,012.
- The City has a contract with the Development Authority of the North Country to produce and deliver treated fresh water to Fort Drum as well as other outside water districts connected to the Development Authority of the North Country's water distribution line. In the current fiscal year the revenue derived from this agreement was \$723,661 or a decrease of \$6,542 or 0.90% over last year's total of \$730,203. Water revenues from this agreement accounted for 14.38% of the total water revenues compared to 15.04% last year.
- Total revenues from water sales to outside of the City customers such as the Development Authority of the North Country and Town of Watertown water districts was \$1,407,196 or an increase of \$75,640 or 5.68% over last year's total of \$1,331,556. Water revenues to outside of the City customers represented 27.95% of the water operating revenues compared to 27.43% last year.
- Sewer operating revenues decreased by \$93,400 or 1.78% to \$5,160,142 and operating expenses decreased by \$129,018 or 2.63% to \$4,771,183. Revenues related to the City's tanker hauled waste program decreased \$135,831 with the leachate revenue from the Seneca Meadows landfill decreasing \$157,080 due to a change in their operations that has significantly reduced the volume of leachate delivered to the City's treatment plant. Transfers to the Sewer Fund capital projects decreased by \$421,158 to \$485,000 as the Sewer Fund continues to be able to afford paying more of its capital projects on a pay-as-you-go method and avoid the issuance of debt.
- The City has a contract with the Development Authority of the North Country to provide wastewater treatment services to Fort Drum as well as other outside sewer districts. In the current fiscal year the revenue derived from this agreement was \$688,541 or a decrease of \$31,748 or 4.41% over last year's total of \$720,289. Sewer revenues from this agreement accounted for 13.34% of the total sewer revenues compared to 13.71% last year.
- Total sewer revenues from outside of the City customers such as the Development Authority of the North Country and Town of Watertown districts was \$1,658,158 or an increase of \$35,180 or 2.17% over last year's total of \$1,622,978. Sewer revenues to outside of the City customers represented 32.13% of the sewer operating revenues compared to 30.89% last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014



Financial Analysis of the Government's Funds

The focus of the City of Watertown's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2014 the City's governmental funds reported combined ending fund balances of \$16,723,738 representing a decrease of \$588,763 or 3.40% in comparison with the prior year. Approximately 54% or \$9,106,847 represents the unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is 1) *non-spendable* to indicate that it is not available for new spending because it must be maintained intact for inventories (\$2,362) and prepaid expenditures (\$36,865), and 2) *restricted* to indicate limitations on its use imposed by grants, debt or legislation (\$3,635,806).

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,106,847, while the total General Fund balance equaled \$15,908,061 compared to \$16,186,135 in the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and other financing uses. Unassigned fund balance represents 22.57% of total General Fund expenditures and other financing uses compared to 20.60% last year, while total fund balance represents 39.42% of that same amount compared to 40.94% last year.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$330,346 compared to last year's increase of \$2,838,238 due to the receipt of the one-time NYS AIM spin-up of \$3,100,000 received in FY 2012-13.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Capital projects fund. The capital projects fund accounts for the construction and acquisition of the capital assets of the City. At the end of the current fiscal year, the fund balance was \$327,377 compared to \$603,480 in the previous year. Within the current year \$126,083 is considered restricted due to debt financing and \$201,294 is considered assigned due to the funding being from operating fund transfers.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the fiscal year of the Water Fund was \$1,163,798 compared to \$1,134,704 in the prior fiscal year. The water fund had an increase in net position in the amount of \$29,094 compared to an increase of \$189,507 in the previous year.

Unrestricted net position at the end of the fiscal year of the Sewer Fund was \$1,295,392 compared to \$1,412,510 in the prior year. The Sewer Fund had a decrease in net position in the amount of \$117,118 compared to an increase of \$291,830 in the prior fiscal year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The General Fund budget was re-adopted once during the fiscal year which resulted in a total increase in appropriations by \$17,700 to provide additional funding to the Library Fund for the masonry restoration project. Appropriated fund balance was also increased by \$17,700 to fund the transfer. Other budget routine amendments between departmental expenditure accounts also did occur.

General Fund revenues of \$40,021,979 on a budgetary basis fell short of final budgeted revenues of \$40,034,606 by only \$12,627 or 0.03% while budgetary basis expenditures of \$40,352,325 were \$2,924,359 or 6.76% lower than the final budgeted expenditures of \$43,276,684. The shortage of actual revenues to budgeted revenues is primarily due to the lower than anticipated sales tax revenue (\$1,082,999), and Federal transportation assistance (\$201,360) due to the conversion of the City's bus system to a Section 5307 program. Revenues that did exceed budgetary expectations were the sale of hydro-electric power (\$459,347), real property tax reserve (\$143,437), prescription rebates (\$72,423), and inter-fund transfers (\$131,244). Actual expenditures were lower than the budgeted expenditures due mostly to health insurance premiums (\$236,252), health insurance claim costs (\$657,919), personal services and related social security costs (\$514,767), compensated absences (\$92,980), workers compensation claims (\$61,270), increase in encumbrances (\$158,802) over the previous year, and vehicle and equipment purchases (\$353,839) that were delayed due to under-performing sales tax. These combined results reduced the use of \$3,295,578 in appropriated fund balance that was budgeted in the 2013-14 General Fund original adopted budget to \$330,346.

CITY OF WATERTOWN, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Capital Assets and Debt Administration

The City's investment in capital assets, net of related debt, for its governmental and business-type activities as of June 30, 2014, amounts to \$84,852,425. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, traffic signals and other infrastructure.

City of Watertown's Capital Assets, Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Total	
	6/30/14	6/30/13	6/30/14	6/30/13	6/30/14	6/30/13
Land	\$2,601,285	\$2,601,285	\$ -	\$ -	\$2,601,285	\$2,601,285
Construction in Progress	2,301,595	1,936,343	5,190,931	868,030	7,492,526	2,804,373
Land Improvements	3,416,095	3,681,210	177	1,765	3,416,272	3,682,975
Building and Improvements	19,553,982	19,456,780	11,935,264	12,461,576	31,489,246	31,918,356
Infrastructure	38,034,061	39,747,865	18,306,261	18,676,203	56,340,322	58,424,068
Machinery and Equipment	2,141,614	2,290,783	2,747,050	2,557,156	4,888,664	4,847,939
Vehicles	1,607,539	1,699,183	297,136	313,914	1,904,675	2,013,097
Total Capital Assets	\$69,656,171	\$71,413,449	\$38,476,819	\$34,878,644	\$108,132,990	\$106,292,093

Major capital asset events during the current fiscal year included the following projects:

- Completed the replacement of the Municipal Building air conditioning chillers and tower at a cost of \$344,604.
- Completed the Thompson Park Zoo pavilion at a cost of \$258,266.
- Completed replacement of the Thompson Park pavilion and restroom roofs at a cost of \$268,199.
- Acquired a dredger and constructed a pole barn and launching system to be able to dredge the City's coagulation basin with City staff rather than continue to hire an independent contractor at a cost of \$295,152.
- Continued design of the Factory Street reconstruction project which is estimated to cost approximately over \$13,920,000 and include the reconstruction of 2,600 linear feet of street as well as the replacement of the sidewalks, curbs, water main and sanitary sewer. Construction in progress at year-end was \$1,495,733.
- Continued the construction of a disinfection system for both treatment outfalls at the wastewater treatment plant. The system is mandated in the renewed State Pollutant Discharge Elimination System (SPDES) permit provided by the New York State Department of Environmental Conservation. The estimated cost of the project is \$6,100,000. Construction in progress at fiscal year-end was \$4,008,941.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Capital Assets and Debt Administration - Continued

- Began design of the Arena rehabilitation project which is estimated to cost over \$6,900,000 and include the roof repair, floor replacement, fire suppression system upgrade, locker and restroom renovations and vestibule and office expansions. Construction in progress at year-end was \$172,146.

Additional information on the City's capital assets can be found in the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,020,000. This entire amount is backed by the full faith and credit of the City of Watertown. Following is a comparative statement of outstanding debt:

City of Watertown's Outstanding Debt						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>6/30/14</u>	<u>6/30/13</u>	<u>6/30/14</u>	<u>6/30/13</u>	<u>6/30/14</u>	<u>6/30/13</u>
General obligation bonds	\$14,452,258	\$15,722,706	\$11,567,742	\$7,052,294	\$26,020,000	\$22,775,000
	\$14,452,258	\$15,722,706	\$11,567,742	\$7,052,294	\$26,020,000	\$22,775,000

The New York State Constitution restricts the City's level of indebtedness to an amount no greater than 7% of the average full valuation of taxable real property for the most recent five years. Water debt, sewer debt, self-sustaining debt and refunded debt are excluded from the debt limit calculation. Accordingly, as of June 30, 2014, the City's debt limit was \$77,009,370 with total net indebtedness of \$16,627,332 thus exhausting 12.20% of the City's debt limit.

The City issued \$4,485,000 on June 18, 2014 in general obligation bonds with interest rates ranging from 1.00% to 2.625% to advance refund \$4,500,000 of outstanding January 1, 2005 and November 15, 2005 serial bonds with average interest rates of 4.00% to 4.375%. The January 1, 2005 outstanding bonds were redeemed on July 19, 2014 and the November 15, 2005 outstanding bonds were redeemed on November 15, 2014. A combined difference in cash flow requirements of \$346,783 and a net present value savings of \$327,420 were a result of this advance refunding by the City.

The City issued \$1,195,000 in serial bonds dated April 10, 2014 maturing April 1, 2024 at interest rates ranging from 1.50% through 2.75% (priced to yield 2.08%) to provide financing for various capital projects.

The City issued \$5,110,000 in serial bonds dated April 10, 2014 maturing April 1, 2029 at interest rates ranging from 2.00% through 3.25% (priced to yield 2.92%) to provide financing for the waste water treatment plant's disinfection facility.

Additional information on the City's capital debt can be found in the Notes to the Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when adopting the fiscal year 2014-15 budget, most importantly the state and local economy.

The City of Watertown is the county seat of Jefferson County. The unemployment rates in June 2014 were 7.1% for the City of Watertown, 7.1% for Jefferson County, 6.5% for New York State and 6.1% for the United States. The unemployment rates in June 2013 were 9.1% for the City of Watertown, 9.1% for Jefferson County, 7.8% for New York State and 7.8% for the United States.

Budget factors considered during the preparation of the FY 2014-15 budget included the national and state economies, low interest rates, high unemployment and high NYS Retirement System contribution rates. With the continued uncertainties overseas, as has been the case for the past ten years, it was difficult to predict how many of the 18,060 soldiers of the 10th Mountain Division at Fort Drum would be deployed and for how long they would be gone fighting the War on Terrorism.

The City decreased its' estimate for sales tax revenue, the largest General Fund revenue source, by \$610,000 or 3.37% due to uncertainties with the Federal Budget and its affect on Fort Drum as well as a decreasingly favorable exchange for Canadian shoppers.

Like most local governments, the City's 2014-15 budget continued to be impacted by the high costs for retirement benefits although FY 2014-15 was the first year since FY 2009-10 that the retirement rates decreased. The contribution to the Employees' Retirement System will range from 11.0% to 25.1% of salaries, down from a range of 11.5% to 28.8% in the previous year. The contribution rate for the Police and Fire Retirement System will range from 15.4% to 27.3% of salaries, down from 16.0% to 28.4% of salaries in the previous year. Due to the dramatic drop in the stock market from April 2008 to April 2009 the State Pension Fund lost approximately 40% of its value. Due to the NYS Retirement System's smoothing techniques the retirement rates are now starting to decline after years of increases to keep the pension fund adequately funded.

Due to the better than expected claims history over the last few years the self-insurance fund appropriated \$291,000 of fund balance to keep the premium rate at the FY 2013-14 levels.

The City saw an increase of \$5,324,312 or 0.52% in taxable assessed value. The residential tax burden has increased slightly to 60.69% from 60.64% last year. The average assessment for a single-family home in Watertown increased slightly to \$107,061 from \$106,786 in FY 2013-14.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Economic Factors and Next Year's Budgets and Rates - Continued

The City's FY 2014-15 General Fund operating costs decreased by \$1,299,644 or 3.17% to \$39,721,991 as there were less financial resources available due to the reduced estimate for sales tax revenue and the reduction in available fund balance to appropriate. The City appropriated \$600,000 of fund balance, a decrease of \$964,310 over FY 2013-14. The sales tax revenue budget was decreased to \$17,490,000 which represented a decrease of \$610,000 or 3.37% below the sales tax budget for FY 2013-14. The State Aid revenue budget remained at the City's base amount of \$4,703,208. The increase in the real property tax levy of \$781,896 or 10.40% and the increase in taxable assessed values resulted in a 9.28% increase to the property tax rate. The City had to adopt legislation to approve a budget over the limits of the New York State Property tax cap that essentially limits the growth in the real property tax levy to two percent or the rate of inflation, whichever is less, with some exceptions.

Appropriations for the Water Fund increased by \$60,300 or 1.22%. The Water Fund did not appropriate any fund balance. The Sewer Fund appropriations increased \$85,201 or 1.55%. The Sewer Fund appropriated \$51,652 of fund balance of which \$11,578 was from the debt reserve fund to pay for the Algonquin Street sanitary sewer reconstruction debt service. The water and sewer rates were not modified.

Requests for Information

The financial report is designed to provide a general overview of the City of Watertown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City Comptroller, City of Watertown, Municipal Building, 245 Washington Street, Watertown, New York 13601.

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Trustees of the Roswell P. Flower Memorial Library
ASSETS				
Unrestricted Cash and Cash Equivalents	\$ 15,082,171	\$ 3,658,934	\$ 18,741,105	\$ 122,805
Restricted Cash and Cash Equivalents	3,111,598	3,584,934	6,696,532	159,305
Investments	-	-	-	57,168
Receivables (Net of Allowance for Uncollectibles)				
Accounts	2,489,399	1,351,454	3,840,853	-
Taxes	110,968	-	110,968	-
Due from Other Governments	1,831,443	166,846	1,998,289	-
State and Federal Aid Receivables	1,617,774	554,379	2,172,153	-
Inventory	2,362	-	2,362	-
Prepaid Expenses	36,865	-	36,865	2,021
Internal Balances	(9,838)	9,926	88	-
	<u>24,272,742</u>	<u>9,326,473</u>	<u>33,599,215</u>	<u>341,299</u>
Capital Assets				
Non-Depreciable	4,902,880	5,190,931	10,093,811	14,516
Depreciable, Net	64,753,291	33,285,888	98,039,179	66,599
Total Capital Assets	<u>69,656,171</u>	<u>38,476,819</u>	<u>108,132,990</u>	<u>81,115</u>
TOTAL ASSETS	<u>93,928,913</u>	<u>47,803,292</u>	<u>141,732,205</u>	<u>422,414</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Advance Refundings	117,958	-	117,958	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>117,958</u>	<u>-</u>	<u>117,958</u>	<u>-</u>
LIABILITIES				
Accounts Payable	\$ 1,695,664	\$ 1,147,463	\$ 2,843,127	\$ 1,712
Accrued Interest Payable	104,881	81,888	186,769	-
Accrued Liabilities	2,455,513	166,613	2,622,126	-
Retainage Payable	43,734	182,307	226,041	-
Current Debt Obligations Due Within One Year	2,200,082	1,212,918	3,413,000	-
Compensated Absences	613,932	109,283	723,215	-
Workers Compensation Liability	978,874	289,879	1,268,753	-
Other Liabilities	8,663	12,234	20,897	-
Due to Other Governments	51,607	850	52,457	-
Due to Retirement System	906,393	111,948	1,018,341	-
Unearned Revenue	1,773,498	-	1,773,498	-
Accrued Post Employment Benefits	11,532,130	2,129,430	13,661,560	-
Other Long-Term Debt	339,675	-	339,675	-
Serial Bonds Due and Payable After One Year	12,300,176	10,354,824	22,655,000	-
TOTAL LIABILITIES	<u>35,004,822</u>	<u>15,799,637</u>	<u>50,804,459</u>	<u>1,712</u>
NET POSITION				
Net Investment in Capital Assets	55,321,873	29,530,552	84,852,425	-
Restricted for				
Capital Reserves	2,057,842	-	2,057,842	-
Workers Compensation Reserve	317,490	-	317,490	-
Insurance Reserve - General	399,431	-	399,431	-
Tourism Reserve	52,723	-	52,723	-
Economic Development and Assistance	231,434	-	231,434	-
Community Development	136,784	-	136,784	-
Capital Projects	126,083	-	126,083	-
Debt Service	314,019	13,913	327,932	-
Library	-	-	-	184,305
Unrestricted	84,370	2,459,190	2,543,560	236,397
TOTAL NET POSITION	<u>\$ 59,042,049</u>	<u>\$ 32,003,655</u>	<u>\$ 91,045,704</u>	<u>\$ 420,702</u>

See notes to audited basic financial statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit The Trustees of the Roswell P. Flower Memorial Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
FUNCTIONS/PROGRAMS								
Governmental Activities								
General Government Support								
General Government Support	\$ 13,926,627	\$ 2,477,738	\$ 119,296	\$ 8,574	\$ (11,321,019)	\$ -	\$ (11,321,019)	\$ -
Hydroelectric Production	634,045	3,906,347	-	-	3,272,302	-	3,272,302	-
Public Safety								
Fire	8,882,262	-	-	-	(8,882,262)	-	(8,882,262)	-
Police	7,653,938	112,587	194,792	-	(7,346,559)	-	(7,346,559)	-
Other Public Safety	349,786	100,787	-	-	(248,999)	-	(248,999)	-
Public Works	7,091,270	121,474	5,349	763,797	(6,200,650)	-	(6,200,650)	-
Transportation								
Bus	910,460	175,485	247,161	830	(486,984)	-	(486,984)	-
Economic Opportunity and Development								
Other Economic Assistance	106,008	-	-	-	(106,008)	-	(106,008)	-
Empire Zone	4,376	-	-	-	(4,376)	-	(4,376)	-
Culture and Recreation								
Library	1,208,378	21,116	46,105	120	(1,141,037)	-	(1,141,037)	-
Other Culture and Recreation	2,006,903	315,877	-	-	(1,691,026)	-	(1,691,026)	-
Home and Community Services								
Refuse and Recycle	883,759	823,700	-	92,489	32,430	-	32,430	-
Other Home and Community Services	2,462,697	1,025	1,465,718	21,751	(974,203)	-	(974,203)	-
Interest on Debt	576,237	-	-	-	(576,237)	-	(576,237)	-
Total Governmental Activities	<u>46,696,746</u>	<u>8,056,136</u>	<u>2,078,421</u>	<u>887,561</u>	<u>(35,674,628)</u>	<u>-</u>	<u>(35,674,628)</u>	<u>-</u>
Business-Type Activities								
Water	5,152,941	5,034,127	-	48,655	-	(70,159)	(70,159)	-
Sewer	4,925,776	5,160,142	-	568,450	-	802,816	802,816	-
Total Business-Type Activities	<u>10,078,717</u>	<u>10,194,269</u>	<u>-</u>	<u>617,105</u>	<u>-</u>	<u>732,657</u>	<u>732,657</u>	<u>-</u>
Total Primary Government	<u>\$ 56,775,463</u>	<u>\$ 18,250,405</u>	<u>\$ 2,078,421</u>	<u>\$ 1,504,666</u>	<u>(35,674,628)</u>	<u>732,657</u>	<u>(34,941,971)</u>	<u>-</u>
Component Unit								
The Trustees of the R.P. Flower Memorial Library	\$ 77,127	\$ -	\$ 59,394	\$ -	-	-	-	(17,733)
Total Component Unit	<u>\$ 77,127</u>	<u>\$ -</u>	<u>\$ 59,394</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,733)</u>
Net (Expense) Revenue and Changes in Net Position Brought Forward					<u>(35,674,628)</u>	<u>732,657</u>	<u>(34,941,971)</u>	<u>(17,733)</u>
GENERAL REVENUES								
Property Taxes					7,917,421	-	7,917,421	-
Sales Taxes					17,017,000	-	17,017,000	-
Utilities Gross Receipts Tax					350,345	-	350,345	-
Franchise Tax					388,550	-	388,550	-
Hotel Occupancy Tax					241,395	-	241,395	-
Mortgage Tax					363,701	-	363,701	-
Grants and Entitlements Not Restricted to Specific Programs					4,703,208	-	4,703,208	-
Investment Earnings					106,337	50,323	156,660	710
Total General Revenues					<u>31,087,957</u>	<u>50,323</u>	<u>31,138,280</u>	<u>710</u>
Transfers					30,000	(30,000)	-	-
Change in Net Position					(4,556,671)	752,980	(3,803,691)	(17,023)
Total Net Position - Beginning of Year					63,598,720	31,250,675	94,849,395	437,725
Total Net Position - End of Year					<u>\$ 59,042,049</u>	<u>\$ 32,003,655</u>	<u>\$ 91,045,704</u>	<u>\$ 420,702</u>

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General	Capital Projects	Community Development	Non Major Funds	Total Governmental Funds
ASSETS					
Unrestricted Cash and Cash Equivalents	\$ 14,820,808	\$ -	\$ -	\$ 261,363	\$ 15,082,171
Restricted Cash and Cash Equivalents	2,095,428	804,069	183,119	28,982	3,111,598
Receivables (Net of Allowance for Uncollectibles)					
Accounts	983,853	-	1,504,047	1,499	2,489,399
Taxes	110,968	-	-	-	110,968
Due from Other Governments	1,826,859	-	4,584	-	1,831,443
State and Federal Aid Receivables	80,842	509,073	1,027,859	-	1,617,774
Inventory	2,362	-	-	-	2,362
Prepaid Expenses	36,865	-	-	-	36,865
Due from Other Funds	335,090	-	-	150,650	485,740
TOTAL ASSETS	\$ 20,293,075	\$ 1,313,142	\$ 2,719,609	\$ 442,494	\$ 24,768,320
LIABILITIES					
Accounts Payable	\$ 1,113,677	\$ 550,385	19,638	\$ 11,964	\$ 1,695,664
Accrued Liabilities	1,410,484	-	1,009,557	35,472	2,455,513
Retainage Payable	-	43,734	-	-	43,734
Compensated Absences	596,298	-	-	17,634	613,932
Other Liabilities	8,663	-	-	-	8,663
Due to Other Funds	160,268	335,000	-	310	495,578
Due to Other Governments	51,596	-	11	-	51,607
Due to Retirement System	880,795	-	-	25,598	906,393
Unearned Revenue	163,233	56,646	1,553,619	-	1,773,498
Total Liabilities	4,385,014	985,765	2,582,825	90,978	8,044,582
Nonspendable					
Inventory	2,362	-	-	-	2,362
Prepaid Expenses	36,865	-	-	-	36,865
Restricted for					
Capital Reserve - General	2,037,753	-	-	-	2,037,753
Capital Reserve - Fairgrounds	20,089	-	-	-	20,089
Workers Compensation Reserve	317,490	-	-	-	317,490
Insurance Reserve - General	399,431	-	-	-	399,431
Tourism Reserve	52,723	-	-	-	52,723
Debt Service Reserve	283,538	-	-	30,481	314,019
Community Development Reserve	-	-	136,784	-	136,784
Economic Development Reserve	-	-	-	231,434	231,434
Capital Projects	-	126,083	-	-	126,083
Assigned to					
Self-Funded Health Insurance Plan	2,639,036	-	-	-	2,639,036
General Government Support	98,214	-	-	-	98,214
Hydroelectric Production	376	-	-	-	376
Fire	50,502	-	-	-	50,502
Police	27,155	-	-	-	27,155
Other Public Safety	176,733	-	-	-	176,733
Public Works	29,548	-	-	-	29,548
Bus	7,315	-	-	-	7,315
Other Culture and Recreation	20,343	-	-	-	20,343
Refuse and Recycle	1,461	-	-	-	1,461
Other Home and Community Services	280	-	-	-	280
Library	-	-	-	8,542	8,542
Capital Projects	-	201,294	-	-	201,294
Subsequent Year's Expenditures	600,000	-	-	81,059	681,059
Unassigned	9,106,847	-	-	-	9,106,847
Total Fund Balances	15,908,061	327,377	136,784	351,516	16,723,738
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,293,075	\$ 1,313,142	\$ 2,719,609	\$ 442,494	\$ 24,768,320

See notes to audited basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

Year Ended June 30, 2014

TOTAL GOVERNMENTAL FUND BALANCES	\$ 16,723,738
<p>Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:</p>	
The Cost of Capital Assets is	138,115,367
Accumulated Depreciation is	<u>(68,459,196)</u>
	69,656,171
Deferred Amount on Advance Refunding of Bonds	117,958
<p>Long-term liabilities, including serial bonds and other Long-term debt, are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds Payable	(14,452,258)
Accrued Interest on Bonds Payable	(104,881)
Compensated Absences	(207,675)
Workers Compensation Liability	(978,874)
Landfill Post-Closure Liability	(180,000)
Accrued Post-Employment Benefits	<u>(11,532,130)</u>
	<u>(27,455,818)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 59,042,049</u>

CITY OF WATERTOWN, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Community Development</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real Property Taxes	\$ 7,601,674	\$ -	\$ -	\$ -	\$ 7,601,674
Real Property Tax Items	324,324	-	-	-	324,324
Nonproperty Taxes	17,997,291	-	-	-	17,997,291
Departmental Income	5,492,777	-	-	-	5,492,777
Intergovernmental Charges	154,596	-	-	-	154,596
Use of Money and Property	97,923	23,100	5	1,439	122,467
Licenses and Permits	110,098	-	-	-	110,098
Fines and Forfeitures	120,182	-	-	21,116	141,298
Sale of Property and Compensation for Loss	112,972	-	-	-	112,972
Miscellaneous Local Sources	853,840	84,635	(2,475)	137,358	1,073,358
Interfund Revenue	1,100,004	-	-	-	1,100,004
State Sources	5,431,626	627,117	1,009,557	-	7,068,300
Federal Sources	438,328	143,407	451,842	-	1,033,577
Total Revenues	39,835,635	878,259	1,458,929	159,913	42,332,736
EXPENDITURES					
General Government Support	5,063,278	10,790	-	-	5,074,068
Public Safety	15,472,862	-	-	-	15,472,862
Transportation	4,602,840	1,990,037	-	-	6,592,877
Economic Assistance and Opportunity	106,008	-	-	4,376	110,384
Culture and Recreation	1,606,097	1,148,352	-	797,817	3,552,266
Home and Community Services	1,078,704	33,157	1,461,449	-	2,573,310
Employee Benefits	7,256,834	-	-	392,926	7,649,760
Debt Service	2,644,203	-	-	62,014	2,706,217
Total Expenditures	37,830,826	3,182,336	1,461,449	1,257,133	43,731,744
Excess (Deficiency) of Revenues Over Expenditures	2,004,809	(2,304,077)	(2,520)	(1,097,220)	(1,399,008)
OTHER FINANCING SOURCES AND (USES)					
Serial Bond Proceeds	-	870,000	-	-	870,000
Interfund Transfers In	186,344	1,486,621	-	1,209,205	2,882,170
Interfund Transfers Out	(2,521,499)	(276,375)	-	(54,297)	(2,852,171)
Bond Refunding Proceeds	-	-	-	2,993,574	2,993,574
Payment to Escrow Agent	-	-	-	(3,003,234)	(3,003,234)
Bond Refunding Professional Fees	-	-	-	(80,094)	(80,094)
Total Other Financing Sources (Uses)	(2,335,155)	2,080,246	-	1,065,154	810,245
Net Change in Fund Balances	(330,346)	(223,831)	(2,520)	(32,066)	(588,763)
Fund Balances, Beginning of Year	16,186,135	603,480	139,304	383,582	17,312,501
Fund Equity Transfer	52,272	(52,272)	-	-	-
Fund Balances, End of Year	\$ 15,908,061	\$ 327,377	\$ 136,784	\$ 351,516	\$ 16,723,738

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds		\$ (588,763)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded the capital outlays in the period.</p>		
	Capital Outlays	\$ 2,286,937
	Depreciation Expense	4,006,198
		(1,719,261)
<p>Governmental funds report bond principal as an expenditure. However, in the Statement of Net Position, the principal payments reduce the liability and do not result in an expense in the Statement of Activities.</p>		
		2,130,787
<p>Governmental funds report bond proceeds as a source of funding. However bond proceeds are not revenues in the Statement of Activities, but long-term liabilities in the Statement of Net Position.</p>		
		(870,000)
<p>Loss on Disposal of Assets</p>		
		(38,015)
<p>Bond premiums/discounts and issuance costs associated with long-term bonds are recognized as expenditures and other financing sources/uses in the governmental funds at the time the debt issued. However, those items are capitalized on the Statement of Net Position and amortized over the life of the bonds on the Statement of Activities since they do not require the use of current financial resources.</p>		
		(5,998)
<p>Interest expenditures are reported when paid in the governmental funds, however, the total amount of interest incurred for the period is accrued and recognized in the government-wide financial statements. The net change in accrued interest is recognized as interest expense in the Statement of Activities.</p>		
		14,851
<p>In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick pay), special early termination benefits (early retirement) and OPEB costs - are measured by the amounts earned during the current period. In the governmental funds, however, expenditures for these items are measured by the amount of current financial resources used.</p>		
		(3,081,396)
<p>Long-term portions of accrued claims and judgments, and landfill monitoring liability are included in the outstanding liability in the Statement of Net Position. Accordingly, the net change in the long-term portion is reported as a reduction to that liability rather than an expense in the Statement of Activities.</p>		
		(398,876)
Change in Net Position of Governmental Activities		\$ (4,556,671)

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

Year Ended June 30, 2014

	Business - Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Unrestricted Cash and Cash Equivalents	\$ 2,168,832	\$ 1,490,102	\$ 3,658,934
Accounts Receivable, Net of Allowance for Uncollectible Accounts	731,178	620,276	1,351,454
Due from Governmental Funds	12,403	50,653	63,056
Due from Other Governments	-	166,846	166,846
State and Federal Aid Receivables	16,675	537,704	554,379
Total Current Assets	<u>2,929,088</u>	<u>2,865,581</u>	<u>5,794,669</u>
NON-CURRENT ASSETS			
Restricted Cash and Cash Equivalents	222,523	3,362,411	3,584,934
Capital Assets, Net of Accumulated Depreciation	18,444,696	20,032,123	38,476,819
Total Non-Current Assets	<u>18,667,219</u>	<u>23,394,534</u>	<u>42,061,753</u>
TOTAL ASSETS	<u>21,596,307</u>	<u>26,260,115</u>	<u>47,856,422</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 421,507	\$ 725,956	\$ 1,147,463
Accrued Interest Payable	23,656	58,232	81,888
Retainage Payable	12,500	169,807	182,307
Accrued Liabilities	89,667	76,946	166,613
Compensated Absences	60,945	48,338	109,283
Due to Retirement System	59,975	51,973	111,948
Due to Governmental Funds	47,126	6,004	53,130
Due to Other Governments	850	-	850
Other Liabilities	12,234	-	12,234
Current Portion of Long-term Liabilities	488,034	724,884	1,212,918
Total Current Liabilities	<u>1,216,494</u>	<u>1,862,140</u>	<u>3,078,634</u>
LONG-TERM LIABILITIES			
Workers Compensation Liability	159,040	130,839	289,879
Other Post Employment Benefits Liability	1,319,088	810,342	2,129,430
Serial Bonds Payable	3,242,937	7,111,887	10,354,824
Total Long-Term Liabilities	<u>4,721,065</u>	<u>8,053,068</u>	<u>12,774,133</u>
Total Liabilities	<u>5,937,559</u>	<u>9,915,208</u>	<u>15,852,767</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	14,494,950	15,035,602	29,530,552
Restricted for Debt	-	13,913	13,913
Unrestricted	1,163,798	1,295,392	2,459,190
TOTAL NET POSITION	<u>\$ 15,658,748</u>	<u>\$ 16,344,907</u>	<u>\$ 32,003,655</u>

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS**

Year Ended June 30, 2014

	Business - Type Activities Enterprise funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 3,604,096	\$ 3,491,850	\$ 7,095,946
Intergovernmental Charges	1,407,196	1,658,158	3,065,354
Other Operating Revenue	22,835	10,134	32,969
Total Operating Revenues	5,034,127	5,160,142	10,194,269
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	2,514,760	2,019,818	4,534,578
Contractual Services	1,783,256	2,159,379	3,942,635
Depreciation	716,391	591,986	1,308,377
Loss on Disposal of Fixed Asset	3,605	0	3,605
Total Operating Expenses	5,018,012	4,771,183	9,789,195
Income from Operations	16,115	388,959	405,074
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	22,617	27,706	50,323
Interest Expense	(134,929)	(154,593)	(289,522)
Total Non-Operating Revenue (Expenses)	(112,312)	(126,887)	(239,199)
Income Before Contributions and Transfers	(96,197)	262,072	165,875
Capital Contributions	48,655	568,450	617,105
Transfers Out	(15,000)	(15,000)	(30,000)
Change in Net Position	(62,542)	815,522	752,980
Net Position, Beginning of Year	15,721,290	15,529,385	31,250,675
Net Position, End of Year	\$ 15,658,748	\$ 16,344,907	\$ 32,003,655

See notes to audited basic financial statements.

CITY OF WATERTOWN, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2014

	Business - Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
Cash Flows from Operating Activities			
Cash Received from Providing Services	\$ 5,081,138	\$ 4,682,906	\$ 9,764,044
Cash Payments for Contractual Expense	(1,871,698)	(2,248,061)	(4,119,759)
Cash Payments for Personal Services and Benefits	(2,130,261)	(1,917,394)	(4,047,655)
Other Operating Revenue	22,835	10,134	32,969
Net Cash Provided by Operating Activities	<u>1,102,014</u>	<u>527,585</u>	<u>1,629,599</u>
Cash Flows from Non-Capital Financing Activities			
Transfers to Other Funds	(15,000)	(15,000)	(30,000)
Cash Flows from Capital and Related Financing Activities			
Proceeds of Capital Debt	326,459	5,103,202	5,429,661
Premium Received on Bond Refunding	21,822	26,243	48,065
Principal Paid on Capital Debt	(465,558)	(448,654)	(914,212)
Interest Paid on Capital Debt	(138,853)	(127,166)	(266,019)
Capital Grants	57,822	568,450	626,272
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(198,308)</u>	<u>5,122,075</u>	<u>4,923,767</u>
Cash Flows from Investing Activities			
Purchase of Capital Assets	(496,847)	(3,357,807)	(3,854,654)
Interest Income	795	1,462	2,257
Net Cash Used In Investing Activities	<u>(496,052)</u>	<u>(3,356,345)</u>	<u>(3,852,397)</u>
Net Increase in Cash and Cash Equivalents	<u>392,654</u>	<u>2,278,315</u>	<u>2,670,969</u>
Cash and Cash Equivalents, Beginning of Year	\$ 1,998,701	\$ 2,574,198	\$ 4,572,899
Cash and Cash Equivalents, End of Year	<u>\$ 2,391,355</u>	<u>\$ 4,852,513</u>	<u>\$ 7,243,868</u>
Reconciliation of Income from Operations to Net			
Cash Provided By Operating Activities	\$ 16,115	\$ 388,959	\$ 405,074
Depreciation	716,391	591,986	1,308,377
Loss on Disposal of Fixed Asset	3,605	-	3,605
Change in Operating Assets			
Accounts Receivable	4,116	(563,238)	(559,122)
Due from Other Governments	63,984	70,013	133,997
Due from Other Funds	2,476	26,000	28,476
Change in Operating Liabilities			
Accounts Payable	(21,324)	(4,599)	(25,923)
Accrued Liabilities	35,310	28,100	63,410
Compensated Absences	5,911	(619)	5,292
Due to Retirement System	(3,098)	(1,909)	(5,007)
Due to Other Governments	515	-	515
Other Liabilities	6,153	(109,846)	(103,693)
OPEB Liability	340,224	186,699	526,923
Customer Deposits and Overpayments	(731)	-	(731)
Due to Other Funds	(67,633)	(83,961)	(151,594)
Net Cash Provided By Operating Activities	<u>\$ 1,102,014</u>	<u>\$ 527,585</u>	<u>\$ 1,629,599</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets - Unrestricted Cash and Cash Equivalents	\$ 2,168,832	\$ 1,490,102	\$ 3,658,934
Non-Current Assets - Restricted Cash and Cash Equivalents	222,523	3,362,411	3,584,934
Total Cash and Cash Equivalents	<u>\$ 2,391,355</u>	<u>\$ 4,852,513</u>	<u>\$ 7,243,868</u>

See notes to audited basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION

Year Ended June 30, 2014

	Private Purpose Trusts	Agency Funds	Total
ASSETS			
Cash and Cash Equivalents	\$ 45,837	\$ 203,807	\$ 249,644
Due From Other Governments	-	32	32
TOTAL ASSETS	\$ 45,837	\$ 203,839	\$ 249,676
LIABILITIES			
Due to Governmental Funds	\$ -	\$ 88	\$ 88
Deposits Held and Due to Others	-	164,288	164,288
Cafeteria Plan	-	35,558	35,558
Other Accrued Liabilities	-	3,905	3,905
Total Liabilities	-	203,839	203,839
NET POSITION			
Held in Trust for Other Purposes	15,942	-	15,942
Held in Trust for Scholarships	29,895	-	29,895
Total Net Position	45,837	-	45,837
TOTAL LIABILITIES AND NET POSITION	\$ 45,837	\$ 203,839	\$ 249,676

See notes to audited basic financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2014

	Private Purpose Trusts
ADDITIONS	
Interest Revenue	\$ 44
Total Additions	<u>44</u>
DEDUCTIONS	
Scholarships Awarded	<u>50</u>
Total Deductions	<u>50</u>
Change in Net Position	(6)
Net Position, Beginning of Year	<u>45,843</u>
Net Position , End of Year	<u><u>\$ 45,837</u></u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Watertown, New York (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

Financial Reporting Entity

The City was incorporated in 1869. The Charter of the City of Watertown, City law and other general laws of the State of New York, govern the City. The City Council, which is the governing body of the City, consists of the Mayor and four Councilpersons. The City Manager serves as Chief Executive Officer of the City and is appointed by the Council. The City Comptroller serves as the Chief Fiscal Officer of the City and is appointed by the City Manager.

The City provides the following basic services: public safety (police and fire), water and sewer, library, recreation, refuse collection, economic assistance, street maintenance, snow removal, and general administrative services.

The financial reporting entity consists of:

1. The primary government which is the City of Watertown.
2. Organizations for which the primary government is financially accountable.
3. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete as set forth in GASB Statement 14, *The Financial Reporting Entity*, as amended by both GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Financial Reporting Entity - Continued

Based on the forgoing criteria and the significant factors presented below, the following organizations are included in the reporting entity:

Watertown Empire Zone

Portions of the City of Watertown were designated as an Economic Development Zone on July 27, 1994. The program is designed to attract new businesses to the area and to enable existing businesses to expand and create jobs by offering a variety of financial incentives and economic benefits. The City Council appoints a voting majority of the Program's governing body and significantly influences the activities of the Watertown Empire Zone Program. The City includes the Watertown Empire Zone as a blended component unit.

The Trustees of Roswell P. Flower Memorial Library

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, provides additional guidance to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City. The decision to include a potential component unit in the City's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Trustees of the Roswell P. Flower Memorial Library is included as a discretely presented component unit. Copies of their financial statements may be obtained at 229 Washington Street, Watertown, New York 13601.

Only footnote disclosures relating to the primary government are included in the basic financial statements. The footnote disclosures relating to the Trustees of the Roswell P. Flower Memorial Library are not included.

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide statements and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, library and recreation, public works, sports arena, and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Government-Wide and Fund Financial Statements - Continued

Government-Wide Statements

The government-wide statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (governmental and business-type). The focus of the government-wide statements addresses the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - investment in capital assets, net of related debt; restricted net position; and unrestricted net position.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Government-Wide and Fund Financial Statements - Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City records its transactions in the fund types described below:

1. Governmental Funds

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. In addition, risk based activities and central garage activities have been recorded in the General Fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted for specified purposes. The City maintains the following special revenue funds:

Community Development Fund - to account for the use of Federal monies received under Community Development Act and any other economic development project.

Public Library Fund - to account for the operation of the Roswell P. Flower Memorial Library.

Debt Service Fund - to account for the accumulation of resources for and the payment of general long-term debt principal and interest for the mandatory reserve fund. The debt service fund also accumulates interest earned on borrowed money.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital expenditures.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Government-Wide and Fund Financial Statements - Continued

Fund Financial Statements - Continued

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds - used to account for water and sewer operations.

Water Enterprise Fund - established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and revenues derived from benefitted assessments used for debt retirement.

Sewer Enterprise Fund - established by law to account for revenues derived from charges for sewer usage and benefitted assessments, and the application of such revenues toward related operating expenses and debt retirement.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose or agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Basis of Accounting / Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

Accrual Basis - The government-wide financial statements and the proprietary fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis - The governmental fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. Expenditures are recorded when incurred except for prepaid expenditures and inventory items, which are recognized at the time of purchase; principal and interest on indebtedness, which are not recognized as expenditures until due; and compensated absences, such as vacation, which vests or accumulates and is charged as expenditures when paid.

Property Taxes

Real property tax levies are fully accrued at the beginning of the fiscal year and are received and accounted for in the general fund. Accruals for "due other funds" are recorded in the general fund for the portion of the tax revenue allocated to other funds. The current year's property taxes are levied and the prior year's unpaid water and sewer bills are re-levied on a warrant to collect taxes due as of July 5 based on the assessed value of real property within the City. The City also levies and collects property taxes on behalf of Jefferson County, which become due as of January 15, and enforces collection of unpaid City school taxes transmitted by the school district to the City in December of each year.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Property Taxes - Continued

Uncollected property taxes assumed by the City as a result of the settlement proceedings are reported as receivables in the general fund to maintain central control and provide for tax settlement and enforcement proceedings. The amount owed to the School District for uncollected school taxes is \$7,805 and is included in "Due to other Governments". A portion of the receivable, \$93,152, is considered available and is included in liabilities as deferred revenues.

An allowance for uncollectible taxes of \$768,158 has been included in the General Fund accounts receivable balance at June 30, 2014. Amounts considered to be uncollectible are based on historical trends and specific knowledge related to particular parcels.

Budget Policies

The budget policies are as follows:

1. Prior to April 30 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the sources of financing.
2. Public hearings are conducted to obtain taxpayers' comments.
3. At the last regular or special meeting in May the budget is adopted by the City Council through the adoption of various resolutions.
4. City taxes included in the budget are levied on July 5. The collection period is July 5 through August 5.
5. The Comptroller is authorized to approve certain budget transfer requests within departments or within a fund; however, any revisions that alter total expenditures of any department or fund must be approved by the City Council.
6. For year-end financial reporting, adjustments are made to actual results to conform to modified budget classifications and reflect year-end encumbrances.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Budget Policies - Continued

The City prepares a legally adopted annual operating budget for the General Fund. The City's budget is adopted using a basis of accounting consistent with generally accepted accounting principles (GAAP). The City's actual amounts in the financial statements are presented on a GAAP basis; therefore, no reconciliation is necessary.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as short-term investments with original maturities of three months or less.

Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. Amounts considered to be uncollectible are based on collection experience. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federal programs. Other receivables represent amounts owed to the City, which include sewer rents, water rents, rehabilitation loans, and assessments.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Water and Sewer System	60 - 65 years
Machinery and Equipment	5 - 30 years
Building Improvements	5 - 25 years
Land Improvements	20 - 50 years
Other Infrastructure	10 - 50 years

Compensated Absences

Employees are granted the following compensated absences each year:

Sick Leave	12 days
Vacation	10 - 30 days

Sick leave may be accumulated from year-to-year, up to 180 days. Upon retirement or other termination, no payment is made for accumulated sick time except for police, firemen and electrical workers who may receive a portion of their sick leave at retirement. The liability for sick leave is recorded in the Statement of Net Position since it is anticipated that none of the liability will be liquidated with expendable available financial resources. Vacation time vests and may be accumulated from year-to year up to 10 days for management, civil service employees association members, police and electrical workers and 5 days for all other employees. The liability will be liquidated with expendable available financial resources; therefore, it is accounted for in the respective governmental fund type. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Insurance and Risk Management

In accordance with New York State guidelines and GASB 10, *"Accounting and Financial Reports for Risk Financing and Related Insurance Issues"*, the City self-insures for the following:

1. General Liability - The City has a self-insurance program for general liability insurance. The reserved fund balance is recorded within the General Fund.
2. Workers' Compensation - On May 10, 1920 the City became self-insured for the purposes of providing benefits under the Workers Compensation Law of the State of New York. The City recognizes workers compensation expenditures when paid. Annual estimates are appropriated from the General and Enterprise funds, as determined by the City Council. An estimated liability of \$1,268,753 as of June 30, 2014 has been recorded on the Statement of Net Position representing the long-term liability of open workers compensation cases.
3. Unemployment Insurance - The City has a self-insurance program for unemployment, but has not established a reserve for claims. Expenditures are recorded as claims are submitted. Total unemployment insurance expenditures for the year ended June 30, 2014 were \$20,891.
4. Health Care Benefits - On July 1, 1992, the City became self-insured for health care benefits for all eligible City employees and retirees. A third-party administrator selected by the City manages this self-insurance plan. A stop loss policy was also purchased to protect and insure this plan against major claims in excess of \$150,000. The City has calculated a monthly premium equivalent based upon historical experience and projected costs that are billed to the respective funds on a monthly basis. An estimated liability of \$514,250 has been recorded in the self-insurance fund for claims incurred as of June 30, 2014 but not reported based upon historical experience.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Fund Balance

The City previously implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 is intended to enhance the usefulness of the financial statements prepared by governmental entities specifically with regard to their reporting of fund balances. The standard establishes a hierarchy of fund balance classifications based primarily on the extent to which a government must observe spending constraints imposed upon how resources reported in governmental funds can be used. The City Council adopted a fund balance policy on June 20, 2011.

Fund balance is the excess of assets over liabilities in a governmental fund. There are five separate components of fund balance, each of which identifies to what extent the City is bound to honor constraints on the specific purpose for which amounts can be spent. The five components are:

1. **Nonspendable Fund Balance** - The portion of a fund balance that cannot be spent because they are either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.
2. **Restricted Fund Balance** - The portion of a fund balance that has constraints placed on the use of resources that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. **Committed Fund Balance** - The portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remain binding unless removed in the same manner.
4. **Assigned Fund Balance** - The portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established either by the City Council or by an official designated for that purpose.
5. **Unassigned Fund Balance** - The portion of a fund balance that includes amounts that do not fall into one of the above four categories.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –

Continued

Fund Balance - Continued

The City considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be used first, followed by assigned amounts and then unassigned amounts.

The City does not currently have a formal minimum fund balance policy. The City Council shall approve all commitments by formal action. The action to commit funds must occur prior to fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.

When it is appropriate for fund balance to be assigned for items such as encumbrance amounts, the City Council delegates the responsibility to assign funds to the City Comptroller. Assignments may occur subsequent to fiscal year-end.

NOTE 2 – CASH AND INVESTMENTS

State statutes govern the City investment policies. 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 demand accounts, certificates of deposits and permissible investments. Permissible investments include obligations of the U.S. Government and its agencies, repurchase agreements, and obligations of the State of New York, obligations issued by any municipality, school district or corporation other than the City of Watertown and obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the State authorizes such investments. During the fiscal year ended June 30, 2014, the City limited its investments to demand and savings accounts and certificates of deposit.

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

The City does not typically purchase investments and is not exposed to material interest rate risk.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - Continued

The City does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

Collateral is required for demand and savings deposits and certificates of deposit for all 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, its municipalities and school districts, treasury strips and other obligations as outlined in the City's investment policy.

Separate bank accounts are not maintained for all City funds. Instead, the majority of the cash is deposited in pooled checking and savings accounts with accounting records maintained to show the portion of the balance attributable to each fund.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Deposits - Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as to custodial risk if they are not covered by depository insurance, and the deposits are either:

- a) Insured by Federal Deposit Insurance Corporation (FDIC) or by collateral held by the City or by the City's agent in the City's name; or
- b) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- c) Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the entity's name.)

Total financial institution (bank) balances at June 30, 2014 per the banks were \$26,042,089. These deposits are categorized as follows:

(a)	(b)	(c)
\$ 786,045	\$ 25,256,044	\$ -

CITY OF WATERTOWN, NEW YORK

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - Continued

As of June 30, 2014, the City had the following investments:

Certificates of Deposit-Trust & Agency Funds	\$ 25,939
State and Local Government Series Securities	<u>28,886</u>
 Total	 <u>\$ 54,825</u>

NOTE 3 – CAPITAL ASSETS

A summary of the changes in capital assets for the fiscal year ended June 30, 2014 follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 2,601,285	\$ -	\$ -	\$ 2,601,285
Construction in Progress	1,936,343	3,016,914	(2,651,662)	2,301,595
Total	<u>4,537,628</u>	<u>3,016,914</u>	<u>(2,651,662)</u>	<u>4,902,880</u>
Depreciable Capital Assets				
Land Improvements	9,564,403	-	-	9,564,403
Buildings and Improvements	32,152,386	880,344	(110,666)	32,922,064
Infrastructure	68,281,265	315,048	-	68,596,313
Machinery and Equipment	11,623,992	284,751	(113,029)	11,795,714
Vehicles	10,047,318	441,542	(154,867)	10,333,993
Total	<u>131,669,364</u>	<u>1,921,685</u>	<u>(378,562)</u>	<u>133,212,487</u>
Less: Accumulated Depreciation				
Land Improvements	5,883,192	265,116	-	6,148,308
Buildings and Improvements	12,695,605	747,727	(75,250)	13,368,082
Infrastructure	28,533,400	2,028,852	-	30,562,252
Machinery and Equipment	9,333,210	431,320	(110,430)	9,654,100
Vehicles	8,348,136	533,183	(154,865)	8,726,454
Total	<u>64,793,543</u>	<u>4,006,198</u>	<u>(340,545)</u>	<u>68,459,196</u>
Depreciable Capital Assets, Net	<u>66,875,821</u>	<u>(2,084,513)</u>	<u>(38,017)</u>	<u>64,753,291</u>
Total	<u>\$ 71,413,449</u>	<u>\$ 932,401</u>	<u>\$ (2,689,679)</u>	<u>\$ 69,656,171</u>

CITY OF WATERTOWN, NEW YORK

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 3 – CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental activities as follows:

General Government Support	\$ 124,062
Hydroelectric Production	257,357
Police	92,272
Fire	290,496
Public Works	2,587,659
Bus	86,370
Library	130,321
Other Culture and Recreation	366,179
Refuse and recycling	71,482
Total	\$ 4,006,198

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Business-Type Activities				
Non-Depreciable Capital Assets				
Construction in Progress	\$ 868,030	\$ 4,925,918	\$ (603,017)	\$ 5,190,931
Total	<u>868,030</u>	<u>4,925,918</u>	<u>(603,017)</u>	<u>5,190,931</u>
Depreciable Capital Assets				
Land Improvements	250,568	-	-	250,568
Buildings and Improvements	27,496,534	19,763	-	27,516,297
Infrastructure	24,884,783	-	-	24,884,783
Machinery and Equipment	16,231,560	514,166	(201,565)	16,544,161
Vehicles	1,078,098	53,327	(211,558)	919,867
Total	<u>69,941,543</u>	<u>587,256</u>	<u>(413,123)</u>	<u>70,115,676</u>
Less: Accumulated Depreciation				
Land Improvements	248,803	1,588	-	250,391
Buildings and Improvements	15,034,958	546,075	-	15,581,033
Infrastructure	6,208,580	369,942	-	6,578,522
Machinery and Equipment	13,674,403	320,668	(197,960)	13,797,111
Vehicles	764,185	70,104	(211,558)	622,731
Total	<u>35,930,929</u>	<u>1,308,377</u>	<u>(409,518)</u>	<u>36,829,788</u>
Depreciable Capital Assets, Net	<u>34,010,614</u>	<u>(721,121)</u>	<u>(3,605)</u>	<u>33,285,888</u>
Total	\$ <u>34,878,644</u>	\$ <u>4,204,797</u>	\$ <u>(606,622)</u>	\$ <u>38,476,819</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 3 – CAPITAL ASSETS - Continued

Depreciation expense was charged to business-type activities as follows:

Water	\$	716,391
Sewer		591,986
		Total
	\$	1,308,377

NOTE 4 – RESTRICTIONS ON ASSETS

Restricted Cash, Cash Equivalents and Investments

Restricted assets consist of cash, cash equivalents and investments for the following funds:

Fund	Restricted Balance	Restriction
General - Cash	\$ 20,089	Reserve for Duffy Fairgrounds Stadium repairs
General - Cash	\$ 2,037,753	Reserve for capital projects
General - Cash	\$ 37,586	Reserve for special assessment sidewalk program debt
Special Revenue - Cash	\$ 183,119	Federal and State community development grants
Special Revenue - Cash	\$ 28,982	Reserve for airport debt service
Capital - Cash	\$ 804,069	Reserve for capital project acquisitions and construction
Water - Cash	\$ 222,523	Reserve for capital project acquisitions and construction
Sewer - Cash	\$ 3,348,498	Reserve for capital project acquisitions and construction
Sewer - Cash	\$ 13,913	Excess debt proceeds reserved for debt service

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 – NOTES RECEIVABLE

To assist in the rehabilitation of homes and apartments of low and moderate-income persons, the City has been awarded various grants for its "Housing Improvement Program" from the CDBG Small Cities Program and the North Country HOME Consortium. The purpose of this program is to improve living conditions in Watertown by promoting repair and rehabilitation of the local housing stock. The primary objective is to eliminate conditions that might become hazardous to the health or safety of local residents. Energy conservation improvements, historic preservation and other necessary repairs will also be encouraged whenever assistance is provided under this program. Grants are subject to repayment if the owner moves or sells the property within the number of years established by the grant, prorated equally per year. Loans are repaid in monthly installments ranging from five to thirty years and are subject to immediate repayment if the owner moves or sells the property. The loans are collateralized by a mortgage on the home. The grants are not collateralized. The balance of the grants subject to repayment at June 30, 2014 was \$764,810. The balance of the loans subject to repayment at June 30, 2014 was \$739,237.

The following table summarizes notes receivable at June 30, 2014:

Grant Source	Grant Purpose	Grant Balance	Loan Terms	Loan Balance
NYS Rental Rehabilitation Section 17 Program -1989	Rehabilitate apartment building	\$ 0	Loan is subordinate to existing mortgages, maturing 2024 and bearing interest at 6.25%. All accrued interest and principal are payable at maturity. Deferred revenue has also been recorded equivalent to the amount of the loan outstanding.	\$ 71,500
CDBG Small Cities - 2005	Single purpose home ownership	\$ 200	Loans not to exceed \$20,000 to be repaid at 0% interest in monthly installments over 20 - 30 years	\$ 261,290
CDBG Small Cities - 2006	Single purpose housing rehabilitations	\$ 0	Over 5 years in monthly installments at a rate of \$18 per \$1,000	\$ 3,719
CDBG Small Cities - 2008	Rental rehabilitations and downtown apartments	\$ 74,921	Over 5 to 10 years in monthly installments at a rate of \$18 per \$1,000	\$ 101,872
CDBG Small Cities - 2009	Rental rehabilitations and downtown apartments	\$ 69,319	Up to 20 years at 0% interest for downtown apartments and up to 10 years at 0% for rental rehabilitations	\$ 143,000
CDBG Small Cities -2011	Rental rehabilitations and downtown apartments	\$ 18,089	Up to 20 years at 0% interest for newly developed rental apartments and up to 10 years at 0% for rental rehabilitations	\$ 157,856
CDBG Small Cities - 2012	Rental rehabilitations and downtown apartments	\$ 138,286	Up to 20 years at 0% interest for newly developed rental apartments and up to 10 years at 0% for rental rehabilitations	\$ 0
CDBG Small Cities - 2013	City-wide housing rehabilitations	\$ 0	5 years - 20 years at 0% interest for newly developed rental apartments and 5 - 10 years at 0% for City-wide rehabilitations	\$ 0

CITY OF WATERTOWN, NEW YORK

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 – NOTES RECEIVABLE - Continued

North Country HOME Consortium – 2007 - 2013	Repair and rehabilitate the local housing stock	\$ 243,975	N/A	N/A
Program Income - CDBG Small Cities	Repair and rehabilitate the local housing stock	\$ 220,020	Loan repayments received from recipients of previous CDBG Small Cities grant awards	N/A
	Total	\$ 764,810		Total \$ 739,237

NOTE 6 – SHORT-TERM DEBT

The City did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2014.

NOTE 7 – LONG-TERM DEBT

During the year ended June 30, 2014, the following changes occurred in long-term obligations:

Governmental Activities

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$ 15,722,706	\$ 3,863,574	\$ (5,134,022)	\$ 14,452,258	\$ 2,152,082
Compensated Absences	205,867	1,808	-	207,675	30,000
Landfill Monitoring	198,000	-	(18,000)	180,000	18,000
Total	\$ 16,126,573	\$ 3,865,382	\$ (5,152,022)	\$ 14,839,933	\$ 2,200,082

The Statement of Net Position at June 30, 2014 includes a deferred amount of \$117,958 on the advance refunding of bonds.

Business-Type Activities

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds:					
Water	\$ 3,870,070	\$ 992,453	\$ (1,131,552)	\$ 3,730,971	\$ 488,034
Sewer	3,182,224	5,933,973	(1,279,426)	7,836,771	724,884
Total	\$ 7,052,294	\$ 6,926,426	\$ (2,410,978)	\$ 11,567,742	\$ 1,212,918

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – LONG-TERM DEBT - Continued

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20 to 30 year serial bonds with equal amounts of principal maturing each year. General obligation bonds at June 30, 2014 are as follows:

	Interest Rate	Original Amount	Paid June 30, 2014	Outstanding June 30, 2014	Maturity Date
Sanitary and Storm Sewers	9.60%	\$ 2,330,000	\$ 75,000	\$ 175,000	12/2017
Public Improvements	4.00-5.00%	2,310,000	10,000	40,000	5/2021
Public Improvements	2.75-4.25%	8,145,000	525,000	-	1/2024
Public Improvements	4.00-4.375%	5,700,000	400,000	400,000	11/2020
Public Improvements	4.625-7.5%	250,000	25,000	50,000	11/2015
Public Improvements	3.25-4.00%	7,345,000	475,000	3,525,000	2/2023
Public Improvements	2.50-3.25%	3,220,000	325,000	1,625,000	9/2018
Public Improvements	3.125-4.00%	2,225,000	225,000	1,350,000	12/2024
Public Imp. Refunding, Ser.A	2.00-4.00%	2,175,000	125,000	1,810,000	11/2025
Public Imp. Refunding, Ser.B	2.00-3.75%	1,635,000	225,000	490,000	5/2020
Public Imp. Refunding, Ser.C	2.00-6.00%	3,695,000	265,000	2,940,000	11/2022
Public Improvements	2.00-3.00%	2,035,000	225,000	1,325,000	6/2021
Public Improvements	3.00-3.50%	1,645,000	145,000	1,500,000	10/2027
Public Imp. Refunding	1.00- 2.625%	4,485,000	-	4,485,000	11/2022
Public Improvements, Ser.B	1.50-2.75%	1,195,000	-	1,195,000	4/2024
Public Improvements, Ser.B	2.00-3.25%	5,110,000	-	5,110,000	4/2029
Total Serial Bonds			\$ 3,045,000	\$ 26,020,000	

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – LONG-TERM DEBT - Continued

General Obligation Bonds - Continued

Annual debt service requirements to maturity for general obligation bonds for fiscal year ending June 30, 2014 are as follows:

Governmental Activities

	Principal	Interest	Total
2015	\$ 2,152,082	\$ 495,559	\$ 2,647,641
2016	2,027,994	401,754	2,429,748
2017	1,848,872	343,811	2,192,683
2018	1,781,357	288,194	2,069,551
2019	1,650,112	234,540	1,884,652
2020 - 2024	4,399,841	515,119	4,914,960
2025 - 2029	<u>592,000</u>	<u>27,787</u>	<u>619,787</u>
Totals	<u>\$ 14,452,258</u>	<u>\$ 2,306,764</u>	<u>\$ 16,759,022</u>

Business-type Activities

	Principal	Interest	Total
2015	\$ 1,212,918	\$ 330,120	\$ 1,543,038
2016	1,207,006	294,897	1,501,903
2017	1,196,128	260,623	1,456,751
2018	1,173,643	227,632	1,401,275
2019	1,104,888	195,830	1,300,718
2020 - 2024	3,570,159	607,097	4,177,256
2025 - 2029	<u>2,103,000</u>	<u>199,242</u>	<u>2,302,242</u>
Totals	<u>\$ 11,567,742</u>	<u>\$ 2,115,441</u>	<u>\$ 13,683,183</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – LONG-TERM DEBT - Continued

Airport Debt

The City transferred ownership of the Watertown International Airport to Jefferson County on March 1, 2006. In accordance with the transfer agreement, Jefferson County provided the City with the necessary funds to retire all outstanding general obligation bonds as they mature. The City invested \$301,168 in State and Local Government Series securities with the proceeds received from Jefferson County in various amounts and at various interest rates, which will produce the funds necessary to meet the principal and interest obligations of the outstanding airport debt. The outstanding principal balance of airport debt at June 30, 2014 was \$ 28,250.

Advance Refunding

On August 27, 2002, the City issued \$2,155,000 in general obligation bonds with an average interest rate of 3.42% to advance refund \$1,975,000 of outstanding 1992 Serial bonds with an average interest rate of 6.009%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 series bonds. A difference in cash flow requirements of \$125,248 and a net present value savings of \$109,404 were a result of this advance refunding by the City.

On April 15, 2011, the City issued \$2,175,000 in general obligation bonds (Series A) with an average interest rate of 3.64% to advance refund \$2,140,000 of outstanding November 15, 1997 serial bonds with an average interest rate of 5.03%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem all of the outstanding 1997 series bonds on May 15, 2011. A difference in cash flow requirements of \$225,831 and a net present value savings of \$175,826 were a result of this advance refunding by the City.

On April 15, 2011, the City issued \$1,635,000 in general obligation bonds (Series B) with an average interest rate of 2.37% to advance refund \$1,575,000 of outstanding April 15, 2000 serial bonds (\$1,015,000) with an average interest rate of 5.19% and May 15, 2002 serial bonds (\$560,000) with an average interest rate of 4.30%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem the 2000 and 2002 series bonds on May 15, 2011. All but \$40,000 of the April 15, 2000 serial bonds and \$23,750 of the May 15, 2002 serial bonds were redeemed on May 15, 2011. A difference in cash flow requirements of \$91,825 and a net present value savings of \$84,907 were a result of this advance refunding by the City.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 – LONG-TERM DEBT - Continued

Advance Refunding - Continued

On April 15, 2011, the City issued \$3,695,000 in general obligation bonds (Series C) with an average interest rate of 5.19% to advance refund \$3,625,000 of outstanding November 15, 1997 taxable serial bonds with an average interest rate of 7.09%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem the 1997 series bonds on May 15, 2011. Additionally, the City used \$1,000,000 of General Fund Balance to increase the amount of outstanding November 15, 1997 taxable serial bonds redeemed to \$4,625,000. Accordingly all of the outstanding 1997 taxable serial bonds were redeemed on May 15, 2011. A combined difference in cash flow requirements of \$2,552,088 and a net present value savings of \$543,580 were the result of the advance refunding and use of fund balance by the City.

On June 18, 2014, the City issued \$4,485,000 in general obligation bonds with an average interest rate of 1.29% to refund \$2,400,000 of outstanding January 15, 2005 serial bonds with an average interest rate of 3.67%. and advance refund \$2,100,000 of outstanding November 15, 2005 serial bonds with an average interest rate of 4.15%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem all of the outstanding January 2005 series bonds on July 21, 2014 and the November 2005 series bonds will be refunded on November 15, 2014. A difference in cash flow requirements of \$346,783 and a net present value savings of \$327,420 were a result of this advance refunding by the City.

NOTE 8 – UNEARNED REVENUE

General Fund	
Unearned Property Tax Revenue, Refuse Tote Revenue and Prepaid Interest Installments on Special Assessments	<u>\$ 163,233</u>
Capital Projects Fund	
Unearned State Aid and Other Miscellaneous Sources	<u>\$ 56,646</u>
Special Revenue Fund	
Notes receivable Funded from Grant Proceeds	<u>\$ 1,553,619</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 9 – RETIREMENT BENEFITS

Plan Description

The City of Watertown participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute and benefits to employers. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The ERS system is contributory except for employees who joined the New York State and Local Employees' Retirement System before July 26, 1976. Employees hired between July 27, 1976 and December 31, 2009 contribute 3% of their salary and after ten years of service become noncontributory as well. Employees hired between January 1, 2010 and March 31, 2012 contribute 3% of their salary for all years of public service and there is a limitation on the amount of overtime that can be included as wages. Employees hired after April 1, 2012 contributed 3% of their salary through March 31, 2013 and thereafter the percentage of salary contributed ranges from 3.0% to 6.0% depending on annual wages.

The PFRS system is contributory except for employees who joined the New York State and Local Employees' Retirement System before June 30, 2009. Employees hired between July 1, 2009 and January 8, 2010 contribute 3% of their salary for 25 years or until retirement. Employees hired between January 9, 2010 and March 31, 2012 contribute 3% of their salary for all years of public service and there is a limitation on the amount of overtime that can be included as wages. Employees hired after April 1, 2012 contributed 3% of their salary through March 31, 2013 and thereafter the percentage of salary contributed ranges from 3.0% to 6.0% depending on annual wages.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 9 – RETIREMENT BENEFITS- Continued

Funding Policy - Continued

Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund

The City of Watertown is required to contribute at an actuarially determined rate. The required contributions for New York State's current year ended March 31, 2014 and two preceding years were:

	FYE 6/30/14	FYE 6/30/13	FYE 6/30/12
Employer Contributions			
ERS	\$ 1,748,158	\$ 1,535,739	\$ 1,232,403
PFRS	\$ 2,516,571	\$ 2,423,515	\$ 1,936,189
Employee Contributions			
ERS	\$ 115,471	\$ 104,819	\$ 90,324
PFRS	\$ 13,678	\$ 8,954	\$ 1,136

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year. Each retirement system issues a publicly available financial report that includes financial statements and supplementary information. The reports may be obtained by writing to: New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244

Bonus Retirement Plan

Under the terms of the police and fire union contracts, the City also made available a bonus retirement plan to all eligible employees. To be eligible, the employee must have accumulated 20 years of service within the retirement system and must retire within 3 years from that date. The following is a schedule of the benefits paid based upon the retirement date:

1 st Year	\$ 5,000
2 nd Year	\$ 4,000
3 rd Year	\$ 3,000

The City has reported \$20,000 relating to this bonus retirement plan as part of the accrued compensated absences balance in the General Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 10 – POST EMPLOYMENT BENEFITS

During the year ended June 30, 2009, the City adopted Governmental Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, on a prospective basis. This statement establishes standards for the measurement, recognition, and display of other postemployment benefit (OPEB) expenses/expenditures and related OPEB assets and liabilities, note disclosures, and required supplementary information. The objective of this statement is to improve the faithfulness of representations and usefulness of information included in the financial reports of state and local governments regarding OPEB.

Plan Description

The City administers its Health Plan (the plan) as a single-employer, self-insured benefit plan. The City provides postemployment healthcare benefits to certain employees that are eligible to retire under the New York State Retirement Systems. The plan provides medical and prescription drug coverage to certain retirees and their dependents based upon the City's collective bargaining agreements with its various unions. The financial information for the City's plan is contained solely within these basic financial statements.

Funding Policy

The contribution requirements of the members and the City are established by the City's collective bargaining agreements with its various unions. The required contribution rate of the City and the members varies depending on the applicable agreement covering the retiree and retiree's date of hire. Contribution rates for retirees range from 0% to 25% of the monthly premium cost. The City currently pays for postemployment healthcare benefits on a pay-as-you-go basis. For the year ended June 30, 2014, the City contributed approximately \$6,960,819 to the plan for its share of the health insurance premiums while plan members receiving benefits contributed \$610,442.

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation.

CITY OF WATERTOWN, NEW YORK

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 10- POST EMPLOYMENT BENEFITS- Continued

Annual OPEB Cost and Net Obligation - Continued

	Governmental Activities	Business-type Activities - Water Fund	Business-type Activities - Sewer Fund	Total
Annual Required Contribution (ARC)	\$ 6,817,233	\$ 462,149	\$ 335,035	\$ 7,614,417
Interest on Net OPEB Obligation	338,101	39,155	24,946	402,202
Adjustment to ARC	(322,992)	(37,405)	(23,831)	(384,228)
Annual OPEB Cost	6,832,342	463,899	336,150	7,632,391
Contributions Made	(3,752,755)	(123,675)	(149,451)	(4,025,881)
Change in Net OPEB Obligation	3,079,587	340,224	186,699	3,606,510
Net OPEB Obligation - Beginning of Year	8,452,543	978,864	623,643	10,055,050
Net OPEB Obligation - End of Year	\$ 11,532,130	\$ 1,319,088	\$ 810,342	\$ 13,661,560

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
FYE 6/30/14			
Governmental Activities	\$ 6,832,342	54.93%	\$ 11,532,530
Business-type Activities - Water Fund	\$ 463,899	26.66%	\$ 1,319,088
Business-type Activities - Sewer Fund	\$ 336,150	44.46%	\$ 810,342
FYE 6/30/13			
Governmental Activities	\$ 6,623,794	53.34%	\$ 8,452,543
Business-type Activities - Water Fund	\$ 443,903	23.80%	\$ 978,865
Business-type Activities - Sewer Fund	\$ 324,557	42.12%	\$ 623,643
FYE 6/30/12			
Governmental Activities	\$ 4,209,426	83.92%	5,361,969
Business-type Activities - Water Fund	\$ 294,659	41.84%	640,620
Business-type Activities - Sewer Fund	\$ 239,634	61.53%	435,796

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 10 – POST EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

As of September 1, 2013, the most recent actuarial interim valuation date, the City's actuarial accrued liability for benefits was \$134,515,815 and there were no plan assets. Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about the value of plan assets relative to the actuarial accrued liability.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The plan's unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payrolls on an open basis. The actuarial assumptions include 4.0% investment rate of return and an inflation rate of 3.0%. The annual healthcare cost trend rate was estimated at 7.5% for the next fiscal year and decreasing each fiscal year thereafter until reaching 6.10% for the fiscal year ending June 30, 2018. The rate was then adjusted every five years through 2083 at 4.40%.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 11 – FUND BALANCES

Non-spendable Fund Balances

Non-spendable fund balances consist of prepaid expenses and inventory at the Municipal Arena concession stand. It also consists of the prepaid stop loss insurance on the City's health insurance plan.

Restricted Fund Balances

Restricted fund balances consist of the following:

General Fund

Capital Reserve - Pursuant to Section 6-c of the General Municipal Law of the State of New York the City established a capital reserve fund to finance future capital improvement projects.

Workers Compensation - An amount reserved to pay workers' compensation claims.

Insurance - An amount reserved to pay claims and judgments for the City's general liability and the cost of providing health care benefits to eligible employees and retirees.

Tourism - Balance of City's share of the hotel occupancy tax enacted by Jefferson County which must be used to promote and develop tourism in the City.

Debt Service - Balance of debt issued on behalf of property owners who elected to participate in the City's ten-year special assessment program for sidewalk replacements.

Other Governmental Funds

Mandatory Reserve for Indebtedness - Pursuant to Section 165.00 of the Local Finance Law of the State of New York, the proceeds, which will not be used for the specific purpose of the borrowing, plus any interest earned or capital gain realized on these proceeds must be used only for payment of principal and/or interest from which these proceeds were derived. The total amount reserved for principal and interest at June 30, 2014 was \$314,019.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 11 – FUND BALANCES - Continued

Restricted Fund Balances - Continued

Proprietary Funds

Mandatory Reserve for Indebtedness - Pursuant to Section 165.00 of the Local Finance Law of the State of New York, the proceeds, which will not be used for the specific purpose of the borrowing, plus any interest earned or capital gain realized on these proceeds must be used only for payment of principal and/or interest from which these proceeds were derived. The total amount reserved for principal and interest in the sewer fund at June 30, 2014 was \$13,913.

Other Fund Balance Disclosures

Deficit Fund Balance

There were no funds with a deficit fund balance at June 30, 2014.

Excess of Expenditures over Appropriations

The Risk Retention Fund had excess appropriations of \$11,435 over appropriations due to higher than expected legal expenses in defending against claims.

The Debt Service Fund had excess appropriations of \$3,059,377 over appropriations due to the recording of the unanticipated debt refunding.

NOTE 12 – INTERFUND TRANSACTIONS

Operating Transfers

During the course of normal operations, the City records numerous transactions between funds including expenditures for services as well as transfers to finance various projects and debt payments.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 12 – INTERFUND TRANSACTIONS - Continued

Operating Transfers - Continued

Inter-fund receivable and payable balances arising from these transactions as of June 30, 2014 were as follows:

	Inter-fund Receivable	Inter-fund Payable
General Fund	\$ 335,090	\$ 160,268
Water Fund	12,403	47,126
Sewer Fund	50,653	6,004
Library Fund	150,650	310
Capital Project Funds	-	335,000
Trust & Agency Fund	-	88
	<hr/>	<hr/>
Total	\$ 548,796	\$ 548,796

Inter-fund Eliminations

For financial statement purposes, the following inter-fund balances have been eliminated:

	General Fund	Self-funded Health Insurance Fund
Revenues	\$ -	\$ 5,973,490
Expenditures	5,973,490	-
	<hr/>	<hr/>
Total	\$ 5,973,490	\$ 5,973,490

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 13 – OPERATING LEASES

State Street Parking Lot

The City leases a parking lot located at 250-270 State Street from Wilson Rusbo and Terry MacAdam. The term of the original lease is for a five-year period from October 22, 2011 through October 21, 2016. The annual rent for the current fiscal year is \$2,500. The lease payment is payable in advance by September 15th of the previous year. On October 17, 2011, the City Council approved a new lease for the period from October 22, 2011 through October 21, 2016.

Minimum future rentals to be paid over the term of the lease for fiscal year ended June 30 are as follows:

2015	\$	2,800
2016		<u>2,900</u>
 Total	 \$	 <u>5,700</u>

Fairgrounds Property Lease

The City is the lessor of a portion of the Fairgrounds property to the Watertown Family YMCA. The lease dated July 9, 2009 is for a term of twenty-five years with an option to renew by Watertown Family YMCA for an additional fifteen years if such renewal is approved by the New York State Legislature.

Minimum future rentals on the lease as of June 30 are as follows:

2015	\$	25,800
2016		25,800
2017		25,800
2018		25,800
2019		26,768
Thereafter		<u>434,139</u>
 Total	 \$	 <u>564,107</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 13 – OPERATING LEASES - Continued

Public Safety Building Lease

The City has entered into an amended Inter-municipal Agreement with the County of Jefferson, New York, for the joint operation and maintenance of a County/City Public Safety Building. Minimum annual lease payments are calculated on a pro rata basis of square footage utilized by the City and consist of the costs incurred for debt service, operation and maintenance expenses. These lease payments are offset by a percentage of the costs incurred by the City for the construction of the facility. Furthermore, the City is liable for a portion of the debt regardless of the City continuing the lease or not. Total rental expenditures for the year ended June 30, 2014 were \$337,222.

Estimated minimum future rental payments under the non-cancelable operating lease as of June 30 are as follows:

2015	\$ 157,555
	<u> </u>
Total	\$ 157,555
	<u> </u>

Equipment Leases

The City is the lessor of certain office equipment. The lease dated August 13, 2013 is for a term of five years. Minimum future rentals on the lease as of June 30 are as follows:

2015	\$ 2,606
2016	2,606
2017	2,606
2018	2,606
2019	434
	<u> </u>
Total	\$ 10,858
	<u> </u>

The City is the lessor of certain office equipment. The lease dated August 10, 2010 is for a term of four years. Minimum future rentals on the lease as of June 30 are as follows:

2015	\$ 676
	<u> </u>
Total	\$ 676
	<u> </u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 13 – OPERATING LEASES - Continued

Equipment Leases - Continued

The City is the lessor of certain office equipment. The lease dated November 2, 2011 is for a term of five years. Minimum future rentals on the lease as of June 30 are as follows:

2015	\$	1,164
2016		1,164
2017		<u>675</u>
Total	\$	<u>3,003</u>

Vehicle Leases

The City is the lessor of a certain police vehicle. The lease dated June 1, 2013 for a term of one year was extended six months. Minimum future rentals on the lease as of June 30 are as follows:

2015	\$	<u>2,062</u>
Total	\$	<u>2,062</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation

The City has been named in several claims arising out of the conduct of its business, including claims for property damage, personnel practices, personal injury, false arrest, and disputes over contracts and suits contesting assessments. These claims, in the opinion of City officials, will not result in material judgments against the City, and, therefore, are not expected to have a material effect on the general-purpose financial statements. Additionally, as of June 30, 2014, the financial impact of these claims, if any, cannot be determined. Accordingly, the general-purpose financial statements have not been adjusted to reflect the potential result of these claims. However, the City has accumulated a reserve of \$399,431 as of June 30, 2014 for un-funded general liability claims.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 14 – COMMITMENTS AND CONTINGENCIES -

Continued

Grant Programs

The City participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors of their representatives. The City believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the City's financial position or results of operations.

Environmental Concerns

On April 27, 2007, the City acquired several parcels of property from Black Clawson known as Sewall's Island. On December 26, 2006, the City received a grant under the Environmental Restoration Program (ERP) from the New York State Department of Conservation for the investigation of the Sewall's Island project site. The ERP grant will provide \$705,540 towards the investigation phase of the project. The City's local share to the ERP grant will be funded from a U.S. Environmental Protection Agency Brownfields Pilot Program grant. The City Council has spent \$900,545 for a professional services contract with Lu Engineers to prepare the investigation phase of the Environmental Restoration Program. As of June 30, 2014, the City is not expected to have any liability for this potential environmental clean-up due to the "safe harbor" provisions of the ERP grant.

The City is engaged in many activities (i.e. water and sewer service, refuse collection, and gasoline storage) in the normal course of operations that are potentially hazardous to the environment. As of June 30, 2014, the City is not aware of any significant environmental problems that should be disclosed in the financial statements.

Landfill Closure

State and federal laws and regulations required the City to close its landfill site in 1993. Although the closure has been completed, the City must continue to perform certain maintenance and monitoring functions at the site for thirty years after closure. The costs incurred during the closure were expensed as incurred. The post-closure monitoring occurs three times a year at an estimated annual expenditure of \$18,000. At June 30, 2014, an estimated \$180,000 in post-closure care cost will be incurred over the remaining 12-year period. This liability is recorded as long-term debt in the Statement of Net Position and is amortized in the General Fund at approximately \$18,000 each year.

The current landfill-monitoring contract expired in 2000. The estimated total liability was computed assuming future contracts monitoring costs would be comparable.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 14 – COMMITMENTS AND CONTINGENCIES -

Continued

Black River Fund

The City of Watertown owns a hydroelectric facility on the Black River. On November 21, 1994, the City Council approved an agreement between the City and New York Rivers United, an environmental group, for the establishment of a Black River Fund. On June 16, 1995, the Federal Energy Regulatory Agency (FERC) issued the City a hydroelectric generation license.

This Fund is established in consideration of the immitigable impacts of the Watertown Project and for the purpose of financing projects and facilities that enhance the natural resources and human values of the Black River within the City's boundaries. This Fund will be used to finance projects and facilities which conserve and enhance the fish, plant and wildlife resources of the Black River, improve water quality, educate the public about the river and its uses, and provide for recreation.

This Fund is being administered by a Black River Fund Committee, which shall determine the distribution of funding each year. If able to demonstrate that their proposal provides a clear public benefit, governmental agencies, non-profit organizations, education institutions, and individuals shall be eligible to receive funding from the Black River Fund. On December 16, 2006, the Committee allocated \$20,000 to New York Rivers United to document the river's ecology in terms of quality, water quantity, general biodiversity and ecological status since the passage of the 1977 Federal Clean Water Act. The Committee contributed \$80,000 to the City for its Hold Brothers Access Improvement Project between 2008 and 2009.

Under the terms of the agreement, within sixty (60) days of the City's acceptance of a new FERC license, the City agreed to contribute \$30,000 to cover the first three (3) years of the license's forty (40) year term. The City started to contribute \$10,000 annually beginning in the fiscal year ending June 30, 2003, for a total agreed contribution of \$400,000. The balance in the fund as of June 30, 2014 was \$57,987.

Additionally, the City agreed to establish a replacement reserve to accumulate funds towards the anticipated cost of repairing, replacing, or retiring of energy generation equipment at the facility.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 14 – COMMITMENTS AND CONTINGENCIES -

Continued

Electrical Distribution System Agreement

The City approved a sale of its Electrical Distribution System in March 1991. In connection with the sale, the parties agreed to the following:

1. National Grid was to operate the existing municipal hydro plant at no cost to the City beginning January 1, 1991 and extending until removal of the plant from service for reconstruction.
2. The City would proceed in the process of undertaking re-licensing of the hydro plant in accordance with the Federal Energy Regulatory Commission (FERC) rules and regulations, and would undertake the refurbishing of the plant.
3. The City will lease all of its surplus power to National Grid for a term not exceeding forty years.

The City commenced reconstruction of the hydroelectric plant on June 2, 1997. The project, which cost \$9,075,000, was completed in January 2000.

Metropolitan Planning Organization

After the 2010 Census was completed, the U.S. Census Bureau delineated an Urbanized Area that includes the City of Watertown. The Urbanized Area designation set in motion changes to the City's relationship with several federal programs.

A Metropolitan Planning Area has to be delineated around the Urbanized Area and a Metropolitan Planning Organization formed to plan for the expenditure of federal highway and transit funds. A Memorandum of Understanding between the City, Jefferson County and the Regional Office of the NYS Department of Transportation must be approved by the Governor. As of the date of this report the agreement has not been approved by the Governor.

The federal Office of Management and Budget used the Urbanized Area to create the Watertown-Fort Drum, NY Metropolitan Statistical Area (MSA) on February 28, 2013. As a Principal City in the MSA, Watertown became an Entitlement Community under U.S. Housing and Urban Development's Community Development Block Grant program. This means the City will be receive an annual allocation of community development funds.

The City will also become responsible for enforcing U. S. Environmental Protection Agency storm water regulations under the Municipal Separate Storm Sewer System (MS4) program.

REQUIRED SUPPLEMENTARY INFORMATION

**SUPPLEMENTARY SCHEDULE OF THE FUNDING PROGRESS OF THE POST
EMPLOYMENT HEALTHCARE BENEFIT PLAN**

Year Ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014	\$ -	\$134,515,815	\$134,515,815	0%	\$ 18,459,558	729.00%
6/30/2013	-	130,841,681	130,841,681	0%	17,877,626	732.00%
6/30/2012	-	98,650,932	98,650,932	0%	18,022,256	547.00%

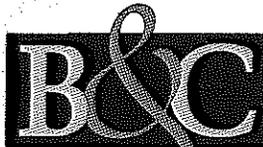
See paragraph on supplemental schedules included in auditor's report.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Resources (Inflows)				
Real Property Taxes	\$ 7,461,055	\$ 7,461,055	\$ 7,601,674	\$ 140,619
Real Property Tax Items	282,850	282,850	324,324	41,474
Non-Property Taxes	19,073,000	19,073,000	17,997,291	(1,075,709)
Departmental Income	4,958,050	4,958,050	5,492,777	534,727
Intergovernmental Charges	144,360	144,360	154,596	10,236
Use of Money and Property	71,735	71,735	97,923	26,188
Licenses and Permits	83,600	83,600	110,098	26,498
Fines and Forfeitures	151,000	151,000	120,182	(30,818)
Sale of Property and Compensation for Loss	155,100	155,100	112,972	(42,128)
Miscellaneous Local Sources	696,501	696,501	853,840	157,339
Interfund Revenue	1,029,715	967,780	1,100,004	132,224
State Source	5,433,875	5,433,875	5,431,626	(2,249)
Federal Sources	500,600	500,600	438,328	(62,272)
Transfers from Other Funds	55,100	55,100	186,344	131,244
Amounts Available for Appropriation	<u>40,096,541</u>	<u>40,034,606</u>	<u>40,021,979</u>	<u>(12,627)</u>
Charges to Appropriations (Outflows)				
General Government Support	6,091,981	5,667,202	5,063,278	603,924
Public Safety	16,121,505	15,910,555	15,472,862	437,693
Transportation	4,719,497	5,100,272	4,602,840	497,432
Economic Assistance and Development	107,000	116,650	106,008	10,642
Culture and Recreation	1,780,704	2,034,404	1,606,097	428,307
Home and Community Services	1,276,120	1,253,828	1,078,704	175,124
Employee Benefits	8,058,775	8,015,450	7,256,834	758,616
Debt Service	2,654,119	2,654,119	2,644,203	9,916
Transfers to Other Funds	2,501,868	2,524,204	2,521,499	2,705
Total Charges to Appropriations	<u>43,311,569</u>	<u>43,276,684</u>	<u>40,352,325</u>	<u>2,924,359</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	(3,215,028)	(3,242,078)	(330,346)	2,911,732
Appropriation of Prior Year Fund Balance	<u>3,215,028</u>	<u>3,242,078</u>	-	<u>(3,242,078)</u>
Excess / (Deficiency) of Resources Over Charge to Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>(330,346)</u>	<u>\$ (330,346)</u>
Fund Balance, Beginning of Year			16,186,135	
Fund Equity Transfer			<u>52,272</u>	
Fund Balance, End of Year			<u>\$ 15,908,061</u>	

See paragraph on supplemental schedules included in auditor's report.



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**INDEPENDENT AUDITOR'S 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**

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

We have audited, in accordance with the 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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF WATERTOWN, NEW YORK**, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Watertown, New York's basic financial statements, and have issued our report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Watertown, New York's internal control over financial reporting (internal control) to determine the auditing 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 of Watertown's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Watertown, New York'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 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

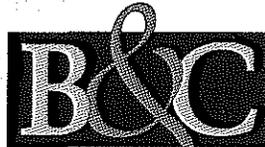
As part of obtaining reasonable assurance about whether the City of Watertown, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowers & Company

Watertown, New York
December 16, 2014



**BOWERS & COMPANY
CPAS PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on Compliance for Each Major Federal Program

We have audited the City of Watertown, New York's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Watertown, New York's major federal programs for the year ended June 30, 2014. The City of Watertown, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Watertown, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Watertown, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide legal determination of City of Watertown, New York's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Watertown, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of City of Watertown, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Watertown, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Watertown, New York's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bowers & Company

Watertown, New York
December 16, 2014

CITY OF WATERTOWN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Program Title	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor #</u>	<u>Federal Expenditures</u>
US Department of Housing & Urban Development			
Passed Through New York State Homes & Community Renewal:			
Community Development Block Grant / State's Loan	14.228	1207HR75-12	\$ 141,609
Community Development Block Grant / State's Loan	14.228	1207HR57-11	290,198
Community Development Block Grant / Program Income	14.228		50
Total Community Development Block Grant / State's Loan			<u>431,857</u>
Passed Through Development Authority of the North Country:			
HOME Investment Partnerships Program	14.239	M12-DC360512	16,804
HOME Investment Partnerships Program	14.239	M13-DC360512	3,231
Total Department of Housing & Urban Development			<u>451,892</u>
US Department of Transportation			
Passed Through New York State:			
State and Community Highway Safety	20.600	PD-00220-(023)	7,350
Highway Planning and Construction	20.205	PIN 7753.15.221	202,759
Formula Grants for Other Than Urbanized Areas	20.509	PIN 7796.10.303	7,470
Total Department of Transportation			<u>217,579</u>
US Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2012-FO-02364	46,926
Homeland Security Grant Program	97.067	C190329	53,167
Homeland Security Grant Program	97.067	C190319	71,164
			<u>171,257</u>
US Department of Environmental Protection Agency			
Passed Through New York State:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97211311	<u>21,751</u>
US Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-1135	4,370
Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.738	2010-DJ-BX-0977	6,700
Bullet Proof Vest Partnership	16.607		5,175
Total Department of Justice			<u>16,245</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 878,724</u></u>

See paragraph on supplemental schedules included in auditor's report.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the City, which is described in Note 1 to the City's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the City's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the City's financial reporting system.

NOTE 2 - COMMUNITY DEVELOPMENT BLOCK GRANT LOANS

Loan activity for the Community Development Block grant loans is as follows:

CFDA #	Balance at July 1, 2013	Issuance	Forgiveness	Balance at June 30, 2014
14.228	\$ 640,990	\$ 351,034	\$ 227,215	\$ 764,809

NOTE 3 - SUBRECIPIENTS

No amounts were provided to subrecipients.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

NOTE A - SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Watertown, New York.
2. No significant deficiencies related to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of the City of Watertown, New York were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs of the City of Watertown, New York expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major federal program was – Community Development Block Grant Program - CFDA #14.228.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Watertown, New York was determined to be a low-risk auditee.

NOTE B - FINANCIAL STATEMENT AUDIT FINDINGS

There were no findings to report.

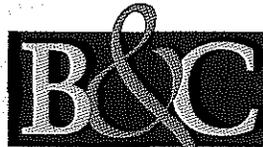
**NOTE C - MAJOR FEDERAL AWARD PROGRAMS
FINDINGS AND QUESTIONED COSTS**

There were no findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2014

There were no prior year audit findings.



**BOWERS & COMPANY
CPAS PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL
CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**SENIOR MANAGEMENT, MAYOR AND
MEMBERS OF THE CITY COUNCIL OF
THE CITY OF WATERTOWN, NEW YORK**

Report on Compliance For Each State Transportation Assistance Program Tested

We have audited the compliance of City of Watertown, New York with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended June 30, 2014. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs for state transportation assistance expended.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on City of Watertown, New York's compliance for each state transportation assistance program tested based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about City of Watertown, New York's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program tested. However, our audit does not provide a legal determination of City of Watertown, New York's compliance with those requirements.

Opinion on Each State Transportation Assistance Program Tested

In our opinion, City of Watertown, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of City of Watertown, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit of compliance, we considered City of Watertown, New York's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures that are appropriate for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on the internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Watertown, New York's internal control over compliance.

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

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

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of City of Watertown, New York as of and for the year ended June 30, 2014, and have issued our report thereon dated December 16, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on City of Watertown, New York's financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state transportation assistance expended is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Draft Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

Bowers & Company

Watertown, New York
December 16, 2014

SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED

June 30, 2014

Program Title	Ref. Number	Expenditures
Consolidated Local Street and Highway Improvement		
Program Capital - Reimbursement / CHIPS	732059	\$ 520,523
Marchiselli Match For Federal Aid Highway Projects	D032467	38,017
Bus Transit Operating Assistance		234,723
Formula Grants for Other Than Urbanized Area -		
DPW Maintenance Facility (Bus Shelters)	C003695	<u>1,640</u>
Total		<u>\$ 794,903</u>

See accompanying notes to schedule of state transportation assistance expended.

NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED

June 30, 2014

NOTE A - GENERAL

The above Schedule of State Transportation Assistance Expended of the City of Watertown, New York, presents the activity of all major financial assistance programs provided by the New York State Department of Transportation.

NOTE B - BASIS OF ACCOUNTING

The above Schedule of State Transportation Assistance Expended is presented using the accrual basis of accounting.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE
TRANSPORTATION ASSISTANCE EXPENDED**

June 30, 2014

Summary of Audit Results

Internal control over state transportation assistance expended:

Material weaknesses identified None reported

Significant deficiencies identified that are not
considered to be material weaknesses None reported

Type of auditor's report issued on compliance for
Program tested: Unmodified

Summary of Audit Findings: N/A

Identification of State Transportation Assistance
Programs tested: Consolidated Local
Street & Highway
Improvement Program
Capital Reimbursement-
CHIPS Contract# 732059

Compliance Findings and Questioned Costs

No matters were reported.

January 14, 2015

To: The Honorable Mayor and City Council
From: James E. Mills, City Comptroller
Subject: Sales Tax Revenue – December 2014

The City has received the monthly sales tax revenue amount from Jefferson County. In comparison to December 2013, the December 2014 sales tax revenue on an actual to actual basis is down \$2,699 or 0.17%. In comparison to the original budget projection for the month of December, sales tax is down \$45,599 or 2.87%.

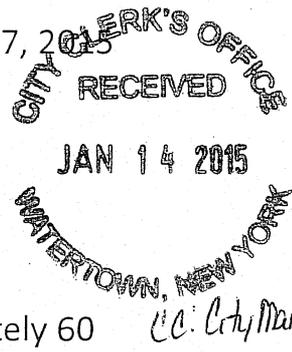
The year-to-date actual receipts are up \$251,247 or 2.80% while the year-to-date receipts on a budget basis are up \$2,168 or 0.02%. Year-to-date sales tax revenue is at \$9,212,341.

The attached spreadsheet shows the detail collections for this year and last year along with the budgeted amounts. Collections for the Fiscal Years' 2010-11, 2011-12, 2012-13 and 2013-14 have been included for historical perspective.

	<u>Actual 2010-11</u>	<u>Actual 2011-12</u>	<u>Actual 2012-13</u>	<u>Actual 2013-14</u>	<u>Actual 2014-15</u>	<u>Variance</u>	<u>% Inc/(Dec)to Prior Year</u>	<u>Quarterly Variance</u>	<u>% Inc/(Dec) to Prior Quarter</u>
July	\$ 1,294,030	\$ 1,359,433	\$ 1,361,364	\$ 1,492,579	\$ 1,412,829	\$ (79,750)	-5.34%		
August	\$ 1,250,127	\$ 1,319,714	\$ 1,357,130	\$ 1,463,877	\$ 1,247,954	\$ (215,923)	-14.75%		
September	\$ 1,777,374	\$ 1,886,899	\$ 2,071,785	\$ 1,760,254	\$ 2,206,655	\$ 446,402	25.36%	150,728	3.20%
October	\$ 1,147,531	\$ 1,215,879	\$ 1,301,624	\$ 1,584,174	\$ 1,405,774	\$ (178,400)	-11.26%		
November	\$ 1,203,035	\$ 1,207,881	\$ 1,274,589	\$ 1,116,784	\$ 1,398,402	\$ 281,618	25.22%		
December	\$ 1,681,408	\$ 1,897,409	\$ 1,714,672	\$ 1,543,425	\$ 1,540,727	\$ (2,699)	-0.17%	100,519	2.37%
January	\$ 1,213,795	\$ 1,195,675	\$ 1,276,483	\$ 1,238,468	\$ -	\$ -	0.00%		
February	\$ 984,089	\$ 1,036,230	\$ 1,160,663	\$ 1,076,005	\$ -	\$ -	0.00%		
March	\$ 1,445,902	\$ 1,624,451	\$ 1,453,454	\$ 1,471,964	\$ -	\$ -	0.00%	-	0.00%
April	\$ 1,190,708	\$ 1,217,913	\$ 1,293,493	\$ 1,271,765	\$ -	\$ -	0.00%		
May	\$ 1,164,270	\$ 1,224,057	\$ 1,373,513	\$ 1,298,653	\$ -	\$ -	0.00%		
June	\$ 1,654,800	\$ 2,029,525	\$ 1,609,032	\$ 1,699,052	\$ -	\$ -	0.00%	-	0.00%
YTD	<u>16,007,070</u>	<u>17,215,066</u>	<u>17,247,801</u>	<u>17,017,001</u>	<u>9,212,341</u>	<u>251,247</u>	<u>2.80%</u>		

	<u>Original Budget</u>		<u>Actual 2014-15</u>	<u>Variance</u>	<u>%</u>	<u>Quarterly Variance</u>	<u>% Inc/(Dec) to Prior Quarter</u>
	<u>2014-15</u>						
July	\$ 1,534,067	\$ 1,412,829	\$ (121,238)	-7.90%			
August	\$ 1,504,566	\$ 1,247,954	\$ (256,612)	-17.06%			
September	\$ 1,809,181	\$ 2,206,655	\$ 397,474	21.97%	19,624	0.40%	
October	\$ 1,628,207	\$ 1,405,774	\$ (222,433)	-13.66%			
November	\$ 1,147,826	\$ 1,398,402	\$ 250,576	21.83%			
December	\$ 1,586,326	\$ 1,540,727	\$ (45,599)	-2.87%	(17,456)	-0.40%	
January	\$ 1,272,892	\$ -	\$ -	0.00%			
February	\$ 1,105,913	\$ -	\$ -	0.00%			
March	\$ 1,512,879	\$ -	\$ -	0.00%	-	0.00%	
April	\$ 1,307,115	\$ -	\$ -	0.00%			
May	\$ 1,334,750	\$ -	\$ -	0.00%			
June	\$ 1,746,279	\$ -	\$ -	0.00%	-	0.00%	
YTD	<u>\$ 17,490,000</u>	<u>\$ 9,212,341</u>	<u>\$ 2,168</u>	<u>0.02%</u>			

January 7, 2015



Dear City Council Members,

We teach second grade at Antwerp Primary and have approximately 60 children in three classes. We are starting a new writing/research unit on winter sports. The children will be choosing, researching, and writing an informational story about a winter sport. As you know many children today do not venture outside to enjoy the many wonderful activities winter snow can bring.

We are interested in exposing our children to ice skating at your Municipal Ice Skating Arena. We are one of the schools designated by New York State as a high poverty school. We are writing to request your consideration for a possible waiver to the fees. Any help in this matter would be appreciated. Please contact me, Mona Campbell, about your decision by phone at 659-8386 or email mcampbell@mail.ircsd.org

Sincerely,

Patricia Frerichs

Elisa Cesario

Mona Campbell