



City Council
Work Session Agenda
April 12, 2010
7:00 p.m.

Presentations:

1. 2008-2009 Audit Presentation

Audit Review by Laurie J. Podvin, CPA

Please bring your copy of this Audit Report from March 1, 2010

2. Destination Marketing Proposal for Fiscal Year 2010-2011

Presentation by Gary DeYoung, Director of Tourism, TIITC

3. Brownfields Update, Sewalls Island

Presentation by Planning and Community Development Coordinator,
Kenneth A. Mix and Steve Campbell, Lu Engineers

Discussions:

1. Southside Water, Inc., Lettiere Water System

Presentation by James V. Lettiere Jr., Director/Operator Southside
Water, Inc.

2. Park Rules Proposal

April 8, 2010 Memorandum Planning and Community Development
Coordinator, Kenneth A. Mix

Reports:

1. 302 Gale Street Sidewalk, Patrick and Linda Fields; April 6, 2010 memorandum from City Engineer Kurt Hauk.

2. New York State Zoo at Thompson Park Request; April 8, 2010 memorandum from City Manager Mary M. Corriveau

March 24, 2010 letter from Peter Schmitt, President Board of Directors, New York State Zoo at Thompson Park.

3. Fort Drum Economic Impact Statement; April 8, 2010 memorandum from City Manager Mary M. Corriveau

CITY OF WATERTOWN, NEW YORK

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2009

CITY OF WATERTOWN, NEW YORK
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POULSEN & PODVIN, P.C.

Certified Public Accountants

145 Clinton Street, Watertown NY 13601

INDEPENDENT AUDITOR'S REPORT

To the Senior Management, Mayor and
Members of the City Council of
the City of Watertown, New York

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Watertown, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Trustees of the Roswell P. Flower Memorial Library, which represents 100 percent of the City's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Trustees of the Roswell P. Flower Memorial Library, is based on the report of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis (pages 3-16), budgetary comparison information (page 55) and schedule of funding progress for "the plan" (page 58) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 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 of the City of Watertown, New York. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POULSEN & PODVIN, P.C.

JANUARY 28, 2010

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

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, 2009. 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, 2009 by \$93,732,107. Of this amount unrestricted net assets of \$13,563,945 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$4,472,854 in fiscal year 2008-09, \$3,488,346 in governmental activities and \$984,508 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 \$16,019,502.
- General fund revenues of \$38,596,779 on a budgetary basis exceeded budgeted revenues by \$856,314 or 2.27% while budgetary basis expenditures finished \$2,357,120 lower than budgeted expenditures. These results negated the use of \$145,000 in appropriated fund balance budgeted in the 2008-09 general fund budget.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$11,780,533 or 32.32% of total general fund expenditures.
- The City issued \$3,220,000 in serial bonds dated February 11, 2009 maturing September 15, 2018 at interest rates ranging from 2.50% through 3.25% (priced to yield 2.81%) to provide financing for various capital projects.

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 statement's 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 (interperiod 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.

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

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 Assets 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 assets. Over time, increases or decreases in net assets 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.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes in net assets 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.

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

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 and capital projects 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.

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.

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

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 assets may serve over time as a useful indicator of a government's financial position. At June 30, 2009, the City's assets exceeded liabilities by \$93,732,107 compared to \$89,259,253 at June 30, 2008. By far the largest portion of the City's net assets (84.32%) 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 \$1,134,528 or 1.21% of the net assets represents resources that are subject to external restrictions on how they may be used. Currently, the amount of restricted net assets represents the net assets of the Watertown Empire Zone, the Alex T. Duffy Fairgrounds Stadium Repair Reserve Fund and a Capital Reserve Fund. The unrestricted net assets, \$13,563,945 compared to \$12,692,832 last year, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Watertown's Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>
Current and other assets	\$21,765,183	\$23,363,970	\$4,619,704	\$4,990,775	\$26,384,887	\$28,354,745
Capital Assets	<u>76,481,851</u>	<u>74,241,192</u>	<u>33,960,086</u>	<u>33,757,536</u>	<u>110,441,937</u>	<u>107,998,728</u>
Total Assets	<u>\$98,247,034</u>	<u>\$97,605,162</u>	<u>\$38,579,790</u>	<u>\$38,748,311</u>	<u>\$136,826,824</u>	<u>\$136,353,473</u>
Long-term liabilities outstanding	\$26,271,572	\$25,123,392	\$10,230,950	\$10,434,432	\$36,502,522	\$35,557,824
Other liabilities	<u>5,983,140</u>	<u>9,977,794</u>	<u>609,055</u>	<u>1,558,602</u>	<u>6,592,195</u>	<u>11,536,396</u>
Total liabilities	<u>\$32,254,712</u>	<u>\$35,101,186</u>	<u>\$10,840,005</u>	<u>\$11,993,034</u>	<u>\$43,094,717</u>	<u>\$47,094,220</u>

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

Net Assets:

Invested in Capital Assets, net of related debt	\$53,419,622	\$50,453,566	\$25,614,012	\$24,939,446	\$79,033,634	\$75,393,012
Restricted	1,016,454	1,096,637	118,074	76,772	1,134,528	1,173,409
Unrestricted	<u>11,556,246</u>	<u>10,953,773</u>	<u>2,007,699</u>	<u>1,739,059</u>	<u>13,563,945</u>	<u>12,692,832</u>
Total Net Assets	<u>\$65,992,322</u>	<u>\$62,503,976</u>	<u>\$27,739,785</u>	<u>\$26,755,277</u>	<u>\$93,732,107</u>	<u>\$89,259,253</u>

As of June 30, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate categories- governmental and business-type activities.

The following table provides a summary of the City's operations for the year ended June 30, 2009.

City of Watertown's Changes in Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>
Revenues:						
Program Revenues:						
Charges for services	\$6,505,983	\$6,285,330	\$9,061,726	\$8,547,017	\$15,567,709	\$14,832,347
Operating grants and contributions	1,754,290	1,084,835	22,221	-	1,776,511	1,084,835
Capital grants and contributions	4,018,797	3,303,897	278,961	1,040,593	4,297,758	4,344,490
General revenues:						
Property taxes	9,618,931	7,447,874	-	-	9,618,931	7,447,874
Sales tax	14,466,732	15,194,502	-	-	14,466,732	15,194,502
Utilities gross receipts tax	376,670	447,896	-	-	376,670	447,896
Franchise tax	406,570	293,733	-	-	406,570	293,733
Mortgage tax	418,469	502,944	-	-	418,469	502,944
Other taxes	214,197	180,798	-	-	214,197	180,798
Grants and Entitlements not restricted to specific programs	5,090,175	4,757,174	-	-	5,090,175	4,757,174
Investment earnings	<u>344,943</u>	<u>622,582</u>	<u>54,332</u>	<u>95,243</u>	<u>399,275</u>	<u>717,825</u>
Total revenues	<u>\$43,215,757</u>	<u>\$40,121,565</u>	<u>\$9,417,240</u>	<u>\$9,682,853</u>	<u>\$52,632,997</u>	<u>\$49,804,418</u>
Expenses:						
General government support	\$11,952,934	\$11,366,404	-	-	\$11,952,934	\$11,366,404
Hydroelectric production	462,321	510,184	-	-	462,321	510,184
Fire	7,503,676	7,185,071	-	-	7,503,676	7,185,071
Police	6,539,319	6,455,049	-	-	6,539,319	6,455,049
Other Public Safety	391,839	440,644	-	-	391,839	440,644
Public Works	6,232,815	5,672,779	-	-	6,232,815	5,672,779

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

Bus	913,945	940,754	-	-	913,945	940,754
Watertown Empire Zone	26,739	41,444	-	-	26,739	41,444
Other Economic Assistance	79,088	93,633	-	-	79,088	93,633
Library	945,702	785,948	-	-	945,702	785,948
Other Culture and Recreation	1,641,441	1,533,931	-	-	1,641,441	1,533,931
Refuse and Recycling	799,221	747,195	-	-	799,221	747,195
Other Home and Community Services	1,060,959	779,482	-	-	1,060,959	779,482
Interest on Debt Service	1,174,244	1,275,583	-	-	1,174,244	1,275,583
Water	-	-	4,296,618	4,054,062	4,296,618	4,054,062
Sewer	-	-	4,139,282	4,003,241	4,139,282	4,003,241
Total Expenses	<u>\$39,724,243</u>	<u>\$37,828,101</u>	<u>\$8,435,900</u>	<u>\$8,057,303</u>	<u>\$48,160,143</u>	<u>\$45,885,404</u>
Excess of Revenues over Expenses	3,491,514	2,293,464	981,340	1,625,550	4,472,854	3,919,014
Transfers	<u>(3,168)</u>	<u>(3,705)</u>	<u>3,168</u>	<u>3,705</u>	-	-
Increase in Net Assets	3,488,346	2,289,759	984,508	1,629,255	4,472,854	3,919,014
Net Assets - Beginning	<u>62,503,976</u>	<u>60,214,217</u>	<u>26,755,277</u>	<u>25,126,022</u>	<u>89,259,253</u>	<u>85,340,239</u>
Net Assets - Ending	<u>\$65,992,322</u>	<u>\$62,503,976</u>	<u>\$27,739,785</u>	<u>\$25,755,277</u>	<u>\$93,732,107</u>	<u>\$89,259,253</u>

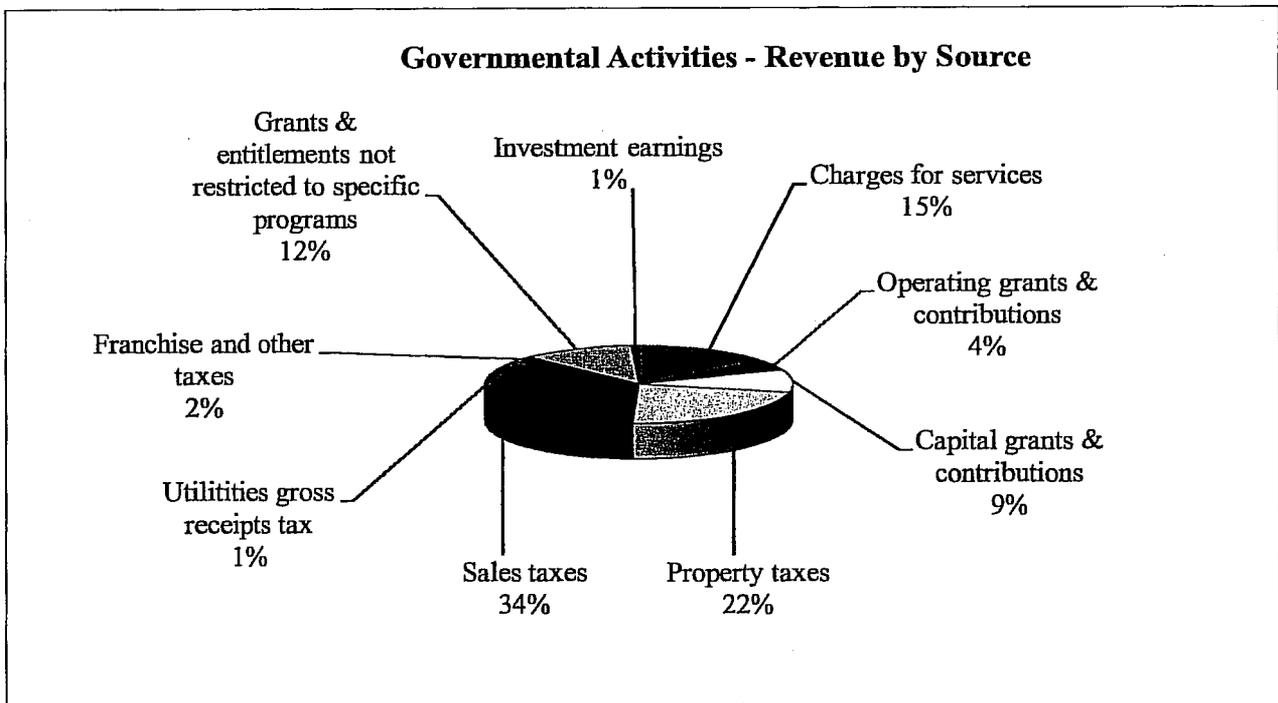
CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

Governmental activities. Governmental activities increased the City's net assets by \$3,488,346 compared to an increase of \$2,289,759 last year accounting for 78% of the total growth in the net assets. Key elements of the increase are as follows:

- The City received \$2,270,641 for the last payment from the section 801 properties payment-in-lieu-of-taxes agreement.
- Sales tax revenue totaled \$14,466,732, a decrease of \$727,770 or (4.79%) compared to fiscal year ended June 30, 2008. Sales tax revenue represented 33% of the governmental activities' revenue in FY 08/09 compared to 38% in FY 07/08.
- Per the New York State 2008-09 Budget, the City received a 7% increase of \$333,001 in State Aid revenue for a total of \$5,090,175.
- The City received \$3,828,226 in Federal and State Aid for various capital projects. Some of the major projects include the State Street reconstruction (\$450,473), the Downtown Streetscape Enhancement project (\$1,838,142), the Consolidated Local Street and Highway Improvement Program for various streets (\$628,679), the Gaffney Drive reconstruction (\$259,059), the Sewalls Island environmental rehabilitation (\$309,708), the Black River Park project (\$80,850) and the Hole Brothers shoreline improvements project (\$72,384).



CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009

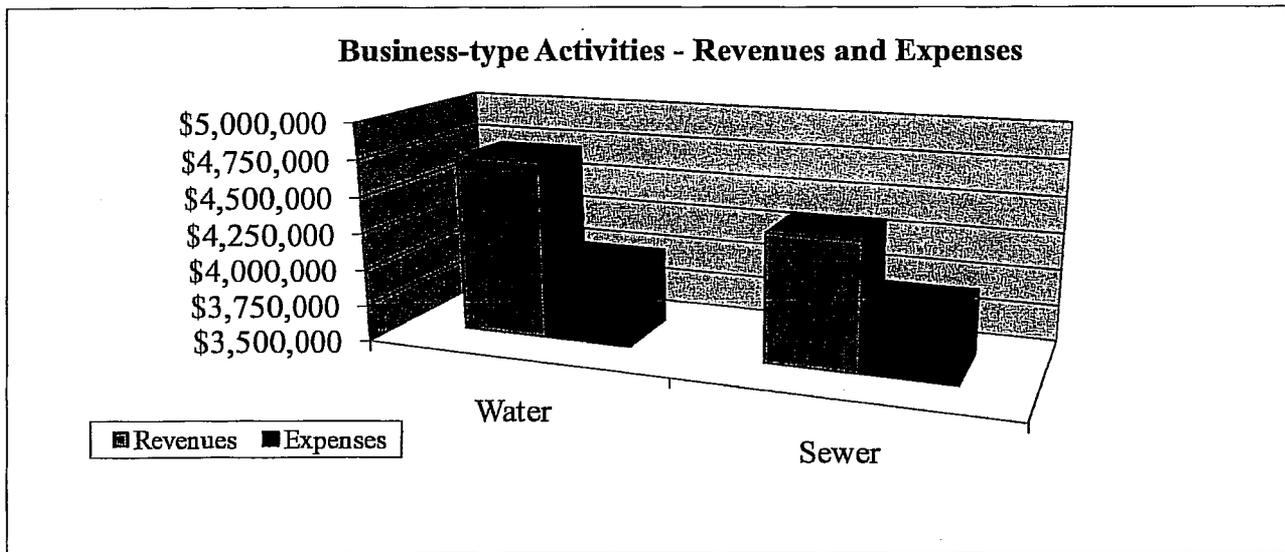
Business-type activities. Business-type activities increased the City's net assets by \$984,508 compared to \$1,629,255 last year. Key elements in this increase are as follows:

- Water operating revenues increased slightly by \$7,147 or 0.15% to \$4,719,853 while operating expenses increased by \$272,478 or 7.27% to \$4,022,205. Sewer operating revenues increased by \$529,783 or 13.82% to \$4,364,094 and operating expenses increased by \$126,422 or 3.31% to \$3,945,631.
- 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. In the current fiscal year the revenue derived from this agreement was \$688,420 or 14.63% of total water operating revenues compared to 17.02% in the prior year. Revenues from this agreement decreased by \$113,676 or 14.17% over last year's total of \$802,096. Most of this decrease is likely due to Fort Drum's water supply wells being reactivated after being temporarily out of service for most of the prior year.
- The City also 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 \$1,040,103 or 23.88% of total sewer operating revenues. Revenues from this agreement increased by \$110,476 or 11.88% over last year's total of \$929,627. The City Council approved two twenty-year agreements retroactive to April 1, 2009 with the Development Authority of the North Country to continue providing sewage treatment and leachate treatment services to Fort Drum and outlying communities at the City's Water Pollution Control Plant.
- The City received \$299,913 in Federal and State Aid for various capital projects. The major projects include the State Street reconstruction (\$46,213) and the Downtown Streetscape Enhancement project (\$231,479).

CITY OF WATERTOWN, NEW YORK

Management's Discussion and Analysis

June 30, 2009



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, 2009 the City's governmental funds reported combined ending fund balances of \$16,019,502, an increase of \$2,359,146 in comparison with the prior year. The increase is most attributable to a \$1,243,378 increase in the fund balance of the City's self-funded health insurance fund due to less than anticipated claims. Excluding the capital projects fund, the City's governmental funds have an unreserved fund balance of \$11,840,857. Of the unreserved fund balance, \$1,310,271 has been designated by the City Council for subsequent year's expenditures leaving an unreserved undesignated fund balance of \$10,530,585. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate \$1,171,090 of contracts and purchase orders of the prior period (2) to pay \$175,657 of debt service (3) to pay \$1,008,644 for future health insurance, workers compensation claims and general liability claims and (4) other restricted purposes of \$1,016,453.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$11,780,533 compared to \$9,620,817 in 2007-08, while the total general fund balance equaled \$13,637,070 compared to \$11,420,112 in the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures and other financing uses. Unreserved fund balance represents 32.32% of total general fund expenditures and other financing uses compared to 25.59% last year, while total fund balance represents 37.42% of that same amount compared to 30.38% in the prior year.

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During the current fiscal year, the fund balance of the City's general fund increased by \$2,151,477 compared to last year's decrease of \$1,368,701. The less than anticipated expenditures in the City's self-funded health insurance plan accounted for \$1,243,378 of the increase.

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 \$1,769,517 compared to \$1,467,300 in the previous year. Within this amount was \$962,715 of encumbrances for construction contracts compared to \$5,249,075 in the prior year.

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 assets at the end of the fiscal year of the water fund were \$1,143,142 compared to \$1,334,510 in fiscal year 2007-08. The water fund had an increase in net assets in the amount of \$672,566 compared to \$1,474,178 in the previous year.

Unrestricted net assets at the end of the fiscal year of the sewer fund were \$864,557 compared to \$404,549 in the prior year. The sewer fund had an increase in net assets in the amount of \$311,942 compared to \$155,077 in fiscal year 2007-08. 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 during the fiscal year to react to the downturn in national and state-wide economic conditions. The re-adopted budget lowered revenues by \$1,226,862 in part by decreasing the expected sales tax revenue by \$1,501,862 and increasing sale of excess hydro-electric power by \$200,000. Expenditures were decreased by \$540,788 in part by increasing the appropriation for road salt by \$250,000 and decreasing the budget for retirement expenses by \$175,000, transfer to the capital projects fund by \$128,000 and fuel costs by \$90,000. Other budget amendments between departmental expenditure accounts also did occur.

General fund revenues of \$38,596,779 on a budgetary basis exceeded final budgeted revenues of \$37,740,465 by \$856,314 or 2.27% while budgetary basis expenditures of \$36,445,302 were \$2,357,120 or 6.07% lower than the final budgeted expenditures of \$38,802,422. The excess of actual revenues over budgeted revenues is primarily due to the increases over budget of sales tax revenues being better than anticipated with the re-adopted budget (\$218,594), franchise fees (\$56,570), building permits (\$64,721), State transportation assistance for the bus system (\$113,395), occupancy tax revenues (\$64,197), real property tax reserves (\$115,811) and insurance recoveries on large self-insurance claims (\$274,680). Revenues that did not meet budgetary expectations included the utilities gross receipts tax (\$83,330) and the sale of surplus hydro-power (\$194,674). Actual expenditures were lower than the budgeted expenditures due mostly to a reduction in the amount transferred to the capital projects fund (\$128,000) and planning department projects that did not occur as planned such as brownfield projects (\$199,200). These combined

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results negated the use of \$145,000 in appropriated fund balance that was budgeted in the 2008-09 general fund budget.

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, 2009, amounts to \$79,033,634. 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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/09</u>	<u>6/30/08</u>
Land	\$2,952,170	\$2,952,170	\$ -	\$ -	\$2,952,170	\$2,952,170
Construction in Progress	1,087,948	14,189,169	238,253	766,818	1,326,201	14,955,987
Land Improvements	2,612,915	2,122,148	19,876	32,404	2,632,791	2,154,552
Building and Improvements	20,552,456	21,168,761	14,483,441	15,023,842	35,035,897	36,192,603
Infrastructure	43,478,015	27,730,675	15,677,742	14,202,321	59,155,757	41,932,996
Machinery and Equipment	3,256,429	3,224,652	3,379,189	3,606,576	6,635,618	6,831,228
Vehicles	<u>2,541,918</u>	<u>2,853,617</u>	<u>161,585</u>	<u>125,575</u>	<u>2,703,503</u>	<u>2,979,192</u>
Total Net Assets	<u>\$76,481,851</u>	<u>\$74,241,192</u>	<u>\$33,960,086</u>	<u>\$33,757,536</u>	<u>\$110,441,937</u>	<u>\$107,998,728</u>

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

- Reconstruction of State Street, which began in FY 2005-06, was completed. The water and sanitary portions of the project were completed in FY 2007-08 at a cost of \$3,745,125. Federal and New York State reimbursements for the entire project totaled over \$9.9 million and paid for approximately 93% of the project's \$13.5 million cost excluding the cost of betterments that are estimated at \$2.8 million.
- Construction work for the Downtown Streetscape Enhancement Project, which began in FY 2005-06, was completed. The project included reconstructing Public Square streets, replacing water and storm sewer lines, replacing sidewalks, and installing many landscaping enhancements. Federal and New York State reimbursements for the entire project totaled nearly \$4.8 million and paid for approximately 68% of the project's \$7.0 million cost.

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- Completion of the Black River Parks Development Project at a cost of \$297,331 created additional recreational opportunities along the Black River through the creation of new riverfront park areas and trails along with improved access to an existing park. New York State reimbursements for this project totaled \$125,000.
- Completion of the Hole Brothers Shoreline Improvements Project at a cost of \$298,768 provided upgraded boater and spectator access, a stepped trail to the shoreline and riverbank stabilization. New York State reimbursements for this project totaled nearly \$100,000, the Black River Fund donated \$80,000 and over \$20,000 was transferred from the Tourism Fund.
- Replacement of variable frequency motor drives at the Water Filtration Plant was completed at a cost of \$249,772.
- Acquisition and construction of Gaffney Drive was completed by the City Department of Public Works at a cost of \$259,059 which was funded through a New York State grant of \$200,000 along with the balance from the New York State Consolidated Local Street and Highway Improvement Program.
- Vehicle and equipment purchases in the amount of \$476,433 which items such as a fire truck rehabilitation (\$64,392), para-transit bus (\$58,367), front-end loader (\$109,596), and police vehicles (\$104,666).
- Reconstruction of Ten Eyck Street was completed in FY 2008-09. The nearly \$2.0 million project included reconstructing the streets, sidewalks, water main, and storm and sanitary sewers.

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 \$32,972,400. 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

	Governmental Activities		Business-type Activities		Total	
	6/30/09	6/30/08	6/30/09	6/30/08	6/30/09	6/30/08
General obligation bonds	\$22,960,609	\$23,650,231	\$10,011,791	\$10,353,369	\$32,972,400	\$34,003,600
Other loans	<u>139,565</u>	<u>184,825</u>	<u>5,785</u>	<u>7,661</u>	<u>145,350</u>	<u>192,486</u>
	<u>\$23,100,174</u>	<u>\$23,835,056</u>	<u>\$10,017,576</u>	<u>\$10,361,030</u>	<u>\$33,117,750</u>	<u>\$34,196,086</u>

CITY OF WATERTOWN, NEW YORK

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The City of Watertown maintains an A3 rating from Moody's Investor Services.

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, 2009, the City's debt limit was \$57,176,623 with total net indebtedness of \$14,933,594, thus exhausting 26.12% of the City's debt limit.

The City issued \$3,220,000 in serial bonds dated February 11, 2009 maturing September 15, 2018 at interest rates ranging from 2.50% to 3.25% (priced to yield 2.81%) to provide financing for various capital projects.

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

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when adopting the fiscal year 2009-10 budget, most importantly the state and local economy.

The City of Watertown is the county seat of Jefferson County. The unemployment rates in June 2009 were 8.3% for the City of Watertown, 8.3% for Jefferson County, 8.6% for New York State and 9.5% for the United States. The unemployment rates in June 2008 were 5.8% for the City of Watertown, 5.8% for Jefferson County, 5.1% for New York State and 5.5% for the United States.

Factors considered during the preparation of the FY 2009-10 budget included the national recession, the potential effects to our area from the American Recovery and Reinvestment Act, continued sales tax volatility, falling interest rates, rising unemployment and uncertainties regarding State Aid. With the continued uncertainties in Afghanistan and Iraq, as has been the case over the last several years, it was difficult to predict how many of the 18,681 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. Based upon many of the aforementioned factors sales tax revenue was projected to decrease significantly by \$995,000 from the FY 2008-09 budgeted level.

Like most local governments, the City's 2009-10 budget was impacted by continued high costs for retirement benefits and health insurance costs. The contribution to the Employees' Retirement System will range from 7.0% to 9.3% of salaries while the contribution the Police and Fire Retirement System will range from 13.9% to 14.3% of salaries. 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. Accordingly retirement rates are likely to increase by 50% in FY 2010-11 and over the next five years could increase to as much as 30% of payroll for Police and Fire employees and 20% of payroll for all other employees. Appropriations in the self-insurance fund increased \$561,900 or 7.71% resulting in a 5.3% increase to the premium rate.

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The City saw an increase of \$7,818,748 or 0.80% in taxable assessed value which does include an approximate \$7,123,600 assessment reduction to property owned by MGNH. The residential tax burden has increased slightly to 60.97% from 60.72% last year. The average assessment for a single-family home in Watertown increased slightly to \$104,285 from \$103,455 in FY 2008-09.

The City was able to recognize a decrease in FY 2009-10 General Fund operating costs of \$1,493,662 or 3.97% to \$36,095,744. The City appropriated \$1,521,000 of fund balance, an increase of \$1,376,000 over FY 2008-09. The significant reason for the increase in appropriated fund balance was that FY 2008-09 included the receipt of approximately \$2,270,000 for the final payment due related to the 801 properties' PILOT agreement. The sales tax revenue budget was decreased to \$14,755,000 which represented a decrease of \$995,000 or 6.3% over the sales tax budget for FY 2008-09. The State Aid revenue budget was kept at \$5,090,177 based on New York State's FY 2009-10 budget. The increase in the real property tax levy of \$226,435 or 3.18% and the increase in taxable assessed values resulted in a 2.27% increase to the property tax rate.

Appropriations for the Water Fund decreased \$281,921 or 5.60%. The Water Fund held the water rates constant at the FY 2008-09 levels and appropriated \$184,843 of fund balance to balance the 2009-10 budget. The Sewer Fund appropriations increased slightly by \$36,477 or 0.88%. The Sewer Fund was able to hold the FY 2009-10 sewer rates constant at the FY 2008-09 levels and projects to generate a surplus of \$57,686.

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.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF NET ASSETS
June 30, 2009

	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	\$ 12,043,033	\$ 809,868	\$ 12,852,901	\$ 101,271
Restricted cash and cash equivalents	3,025,219	1,888,619	4,913,838	233,104
Receivables (net of allowance for uncollectibles):				
Accounts	1,961,976	1,603,899	3,565,875	-
Taxes	56,068	-	56,068	-
Interest	2,228	891	3,119	-
Other receivables	-	-	-	500
Due from other governments	1,698,144	285,127	1,983,271	-
State and federal aid receivables	2,758,840	119,437	2,878,277	-
Prepaid expenses	130,414	1,124	131,538	386
Internal balances	89,261	(89,261)	0	-
	<u>21,765,183</u>	<u>4,619,704</u>	<u>26,384,887</u>	<u>335,261</u>
Capital Assets:				
Non-depreciable	4,040,118	238,253	4,278,371	10,208
Depreciable, net	72,441,733	33,721,833	106,163,566	52,242
Total capital assets	<u>76,481,851</u>	<u>33,960,086</u>	<u>110,441,937</u>	<u>62,450</u>
Total Assets	<u>\$ 98,247,034</u>	<u>\$ 38,579,790</u>	<u>\$ 136,826,824</u>	<u>\$ 397,711</u>
LIABILITIES				
Accounts payable	\$ 1,998,631	\$ 224,477	\$ 2,223,108	\$ 1,157
Accrued interest payable	237,459	110,780	348,239	-
Accrued liabilities	455,408	71,150	526,558	-
Retainage payable	137,930	43,860	181,790	-
Compensated absences	638,016	107,615	745,631	-
Workers compensation liability	525,137	92,922	618,059	-
Accrued post employment benefits	2,122,453	154,508	2,276,961	-
Other liabilities	14,621	-	14,621	5,317
Due to other governments	647,578	844	648,422	-
Due to retirement system	443,640	50,329	493,969	-
Deferred revenue	1,409,857	-	1,409,857	-
Bond anticipation note	-	-	-	-
Other long-term debt	701,317	5,785	707,102	-
Serial bonds	22,960,609	10,011,791	32,972,400	-
Less: deferred amount on advance refunding	(37,944)	(34,056)	(72,000)	-
Total Liabilities	<u>32,254,712</u>	<u>10,840,005</u>	<u>43,094,717</u>	<u>6,474</u>
NET ASSETS				
Investment in capital assets, net of related debt	53,419,622	25,614,012	79,033,634	-
Restricted for:				
Economic development and assistance	279,865	-	279,865	-
Community development	79,085	-	79,085	-
Capital projects	657,504	118,074	775,578	234,785
Unrestricted	11,556,246	2,007,699	13,563,945	156,452
Total Net Assets	<u>65,992,322</u>	<u>27,739,785</u>	<u>93,732,107</u>	<u>391,237</u>
Total Liabilities and Net Assets	<u>\$ 98,247,034</u>	<u>\$ 38,579,790</u>	<u>\$ 136,826,824</u>	<u>\$ 397,711</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			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	\$ 11,952,934	\$ 2,342,002	\$ 116,692	\$ 20,544	\$ (9,473,696)	\$ -	\$ (9,473,696)	\$ -
Hydroelectric production	462,321	2,805,326	-	-	2,343,005	-	2,343,005	-
Public safety:								
Fire	7,503,676	-	-	-	(7,503,676)	-	(7,503,676)	-
Police	6,539,319	133,152	205,071	-	(6,201,096)	-	(6,201,096)	-
Other public safety	391,839	116,446	-	-	(275,393)	-	(275,393)	-
Public Works	6,232,815	89,537	15,070	3,294,379	(2,833,829)	-	(2,833,829)	-
Transportation:								
Bus	913,945	123,101	437,220	52,530	(301,094)	-	(301,094)	-
Economic opportunity and development:								
Other economic assistance	79,088	-	-	-	(79,088)	-	(79,088)	-
Empire Zone	26,739	-	19,362	-	(7,377)	-	(7,377)	-
Culture and recreation:								
Library	945,702	17,200	49,924	13,767	(864,811)	-	(864,811)	-
Other culture and recreation	1,641,441	189,464	-	327,869	(1,124,108)	-	(1,124,108)	-
Home and community services:								
Refuse and recycle	799,221	670,300	-	-	(128,921)	-	(128,921)	-
Other home and community services	1,060,959	19,455	910,951	309,708	179,155	-	179,155	-
Interest on debt	1,174,244	-	-	-	(1,174,244)	-	(1,174,244)	-
Total Governmental Activities	<u>39,724,243</u>	<u>6,505,983</u>	<u>1,754,290</u>	<u>4,018,797</u>	<u>(27,445,173)</u>	<u>-</u>	<u>(27,445,173)</u>	<u>-</u>
Business-Type Activities:								
Water	4,296,618	4,706,465	13,388	232,223	-	655,458	655,458	-
Sewer	4,139,282	4,355,261	8,833	46,738	-	271,550	271,550	-
Total Business-Type Activities	<u>8,435,900</u>	<u>9,061,726</u>	<u>22,221</u>	<u>278,961</u>	<u>-</u>	<u>927,008</u>	<u>927,008</u>	<u>-</u>
Total Primary Government	<u>\$ 48,160,143</u>	<u>\$ 15,567,709</u>	<u>\$ 1,776,511</u>	<u>\$ 4,297,758</u>	<u>(27,445,173)</u>	<u>927,008</u>	<u>(26,518,165)</u>	<u>-</u>
Component Unit:								
The Trustees of the R.P. Flower Memorial Library	96,387	-	49,377	14,202	-	-	-	(32,808)
Total Component Unit	<u>\$ 96,387</u>	<u>\$ -</u>	<u>\$ 49,377</u>	<u>\$ 14,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,808)</u>
Net Assets brought forward					(27,445,173)	927,008	(26,518,165)	(32,808)
GENERAL REVENUES								
Property taxes					9,618,931	-	9,618,931	-
Sales taxes					14,466,732	-	14,466,732	-
Utilities gross receipts tax					376,670	-	376,670	-
Franchise tax					406,570	-	406,570	-
Hotel occupancy tax					214,197	-	214,197	-
Mortgage tax					418,469	-	418,469	-
Grants and entitlements not restricted to specific programs					5,090,175	-	5,090,175	-
Investment earnings					344,943	54,332	399,275	4,514
Total General Revenues					<u>30,936,687</u>	<u>54,332</u>	<u>30,991,019</u>	<u>4,514</u>
Transfers					(3,168)	3,168	-	-
Change in Net Assets					<u>3,488,346</u>	<u>984,508</u>	<u>4,472,854</u>	<u>(28,294)</u>
Total Net Assets - Beginning of year					<u>62,503,976</u>	<u>\$ 26,755,277</u>	<u>89,259,253</u>	<u>419,531</u>
Total Net Assets - End of year					<u>\$ 65,992,322</u>	<u>\$ 27,739,785</u>	<u>\$ 93,732,107</u>	<u>\$ 391,237</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Unrestricted cash and cash equivalents	\$ 11,442,795	\$ -	\$ 600,238	\$ 12,043,033
Restricted cash and cash equivalents	693,412	2,219,301	112,506	3,025,219
Receivables (net of allowance for uncollectibles):				
Accounts	671,753	92,752	1,191,763	1,956,268
Taxes	51,487	4,581	-	56,068
Interest	1,489	717	22	2,228
Due from other governments	1,673,912	-	24,232	1,698,144
State and federal aid receivables	263,501	1,875,573	619,766	2,758,840
Prepaid expenses	118,200	12,000	214	130,414
Due from other funds	1,958,765	-	-	1,958,765
	<u>\$ 16,875,314</u>	<u>\$ 4,204,924</u>	<u>\$ 2,548,741</u>	<u>\$ 23,628,979</u>
Total Assets	<u>\$ 16,875,314</u>	<u>\$ 4,204,924</u>	<u>\$ 2,548,741</u>	<u>\$ 23,628,979</u>
LIABILITIES				
Accounts payable	\$ 1,576,517	\$ 363,624	\$ 58,490	\$ 1,998,631
Accrued liabilities	435,985	6,106	13,317	455,408
Retainage payable	-	137,930	-	137,930
Compensated absences	624,498	-	13,518	638,016
Other liabilities	7,707	-	6,914	14,621
Due to other funds	14,757	1,840,867	8,172	1,863,796
Due to other governments	43,636	2,063	601,879	647,578
Due to retirement system	433,090	-	10,550	443,640
Deferred revenue	102,054	84,817	1,222,986	1,409,857
	<u>3,238,244</u>	<u>2,435,407</u>	<u>1,935,826</u>	<u>7,609,477</u>
Total Liabilities	<u>3,238,244</u>	<u>2,435,407</u>	<u>1,935,826</u>	<u>7,609,477</u>
FUND BALANCES:				
Reserve for encumbrances	190,390	962,715	17,985	1,171,090
Reserve for capital projects	657,504	-	-	657,504
Reserve for economic development	-	-	279,865	279,865
Reserve for community development projects	-	-	79,085	79,085
Reserve for debt service	-	-	175,657	175,657
Reserve for worker's compensation	312,394	-	-	312,394
Reserve for insurance-general	696,249	-	-	696,249
Unreserved - designated for subsequent year's expenditures	1,265,000	-	45,271	1,310,271
Unreserved - undesignated	10,515,533	806,802	15,052	11,337,387
	<u>13,637,070</u>	<u>1,769,517</u>	<u>612,915</u>	<u>16,019,502</u>
Total Fund Balances	<u>13,637,070</u>	<u>1,769,517</u>	<u>612,915</u>	<u>16,019,502</u>
Total Liabilities and Fund Balances	<u>\$ 16,875,314</u>	<u>\$ 4,204,924</u>	<u>\$ 2,548,741</u>	<u>\$ 23,628,979</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2009

Total governmental fund balances \$ 16,019,502

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The cost of capital assets is	\$ 127,130,091	
Accumulated depreciation is	<u>50,648,240</u>	76,481,851

Deferred assets for refunded bonds 37,944

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:

Bonds payable	\$ (22,960,609)	
Loan payable	(139,565)	
Accrued interest on bonds payable	(237,459)	
Compensated absences	(291,752)	
Workers compensation liability	(525,137)	
Landfill post-closure liability	(270,000)	
Accrued post-employment benefits	<u>(2,122,453)</u>	<u>(26,546,975)</u>

Net assets of governmental activities \$ 65,992,322

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 7,101,270	\$ -	\$ -	\$ 7,101,270
Real property tax items	2,528,544	-	-	2,528,544
Nonproperty taxes	15,464,169	-	-	15,464,169
Departmental income	4,022,744	-	-	4,022,744
Intergovernmental charges	163,224	-	-	163,224
Use of money and property	302,054	63,242	14,211	379,507
Licenses and permits	127,073	-	-	127,073
Fines and forfeitures	117,660	-	15,988	133,648
Sale of property and compensation for loss	322,899	2,430	-	325,329
Miscellaneous local sources	639,974	142,393	94,205	876,572
Interfund revenue	1,074,812	-	-	1,074,812
State sources	5,939,385	1,852,565	26,634	7,818,584
Federal sources	553,451	1,975,661	873,032	3,402,144
	<u>38,357,259</u>	<u>4,036,291</u>	<u>1,024,070</u>	<u>43,417,620</u>
Total Revenues				
EXPENDITURES				
General government support	4,935,144	61,374	-	4,996,518
Public safety	13,510,962	64,392	-	13,575,354
Transportation	3,967,467	5,193,125	-	9,160,592
Economic assistance and opportunity	84,088	-	26,739	110,827
Culture and recreation	1,114,563	637,562	623,527	2,375,652
Home and community services	1,093,377	324,700	977,535	2,395,612
Employee benefits	6,222,736	-	281,653	6,504,389
Debt service	4,033,133	-	147,529	4,180,662
	<u>34,961,470</u>	<u>6,281,153</u>	<u>2,056,983</u>	<u>43,299,606</u>
Total-Expenditures				
Excess of (Expenditures) Revenue	3,395,789	(2,244,862)	(1,032,913)	118,014
OTHER FINANCING SOURCES AND (USES)				
Interfund transfers in	239,520	583,952	918,880	1,742,352
Interfund transfers out	(1,483,832)	(215,692)	(45,996)	(1,745,520)
Serial Bonds	-	2,020,000	-	2,020,000
BANS redeemed from appropriations	-	224,300	-	224,300
	<u>(1,244,312)</u>	<u>2,612,560</u>	<u>872,884</u>	<u>2,241,132</u>
Total Other Financing Sources (Uses)				
Net change in fund balances	2,151,477	367,698	(160,029)	2,359,146
Fund Balances - Beginning of year	11,420,112	1,467,300	772,944	13,660,356
Fund equity transfer	65,481	(65,481)	-	-
Fund Balances - End of year	<u>\$ 13,637,070</u>	<u>\$ 1,769,517</u>	<u>\$ 612,915</u>	<u>\$ 16,019,502</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ 2,359,146

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 capital outlays exceeded depreciation expense in the period.

Capital outlays	\$	6,160,968	
Depreciation expense		3,910,484	2,250,484

Governmental funds report bond principal as an expenditure. However, in the Statement of Net Assets, the principal payments reduce the liability and do not result in an expense in the Statement of Activities.

2,754,882

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 Assets.

(2,020,000)

Loss on disposal of assets

(9,825)

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 is issued. However, those items are capitalized on the Statement of Net Assets and amortized over the life of the bonds on the Statement of Activities since they do not require the use of current financial resources.

Amortization of advanced refunding issuance costs

(9,486)

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.

36,721

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.

(2,008,774)

Long-term portions of accrued claims and judgments, and landfill monitoring liability are included in the outstanding liability in the Statement of Net Assets. 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.

135,198

Change in Net Assets of governmental activities

\$ 3,488,346

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business - Type Activities		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Assets			
Unrestricted cash and cash equivalents	\$ 537,035	\$ 272,833	\$ 809,868
Accounts receivable, net of allowance for uncollectible accounts	909,673	694,226	1,603,899
Interest receivable	348	543	891
Due from governmental funds	10,580	26,172	36,752
Due from other governments	744	284,383	285,127
State and federal aid receivables	72,145	47,292	119,437
Prepaid expenses	558	566	1,124
Total current assets	<u>1,531,083</u>	<u>1,326,015</u>	<u>2,857,098</u>
Non-Current Assets			
Restricted cash and cash equivalents	541,403	1,347,216	1,888,619
Capital assets, net of accumulated depreciation	<u>18,676,956</u>	<u>15,283,130</u>	<u>33,960,086</u>
Total non-current assets	<u>19,218,359</u>	<u>16,630,346</u>	<u>35,848,705</u>
Total assets	<u>\$ 20,749,442</u>	<u>\$ 17,956,361</u>	<u>\$ 38,705,803</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 102,192	\$ 122,285	\$ 224,477
Accrued interest payable	59,809	50,971	110,780
Retainage payable	21,333	22,527	43,860
Accrued liabilities	39,727	31,423	71,150
Compensated absences	59,781	47,834	107,615
Due to retirement system	27,928	22,401	50,329
Due to governmental funds	57,008	69,005	126,013
Due to other governments	844	-	844
Current portion of long-term liabilities	902,992	504,628	1,407,620
Total current liabilities	<u>1,271,614</u>	<u>871,074</u>	<u>2,142,688</u>
Long-Term Liabilities:			
Workers compensation liability	6,013	86,909	92,922
Other post employment benefits liability	65,056	89,452	154,508
Serial bonds payable	4,443,522	4,162,596	8,606,118
Less: deferred amount on refunding	(31,126)	(2,930)	(34,056)
NYPA loan payable	-	3,838	3,838
Total long-term liabilities	<u>4,483,465</u>	<u>4,339,865</u>	<u>8,823,330</u>
Total liabilities	<u>5,755,079</u>	<u>5,210,939</u>	<u>10,966,018</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,733,147	11,880,865	25,614,012
Restricted for maintenance	118,074	-	118,074
Unrestricted	<u>1,143,142</u>	<u>864,557</u>	<u>2,007,699</u>
Total net assets	<u>14,994,363</u>	<u>12,745,422</u>	<u>27,739,785</u>
Total liabilities and net assets	<u>\$ 20,749,442</u>	<u>\$ 17,956,361</u>	<u>\$ 38,705,803</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business - Type Activities		
	Enterprise funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 4,014,079	\$ 3,304,229	\$ 7,318,308
Intergovernmental charges	688,420	1,040,103	1,728,523
Other operating revenue	17,354	19,762	37,116
Total operating revenues	<u>4,719,853</u>	<u>4,364,094</u>	<u>9,083,947</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	2,017,705	1,616,113	3,633,818
Contractual services	1,320,642	1,576,583	2,897,225
Depreciation	650,523	752,935	1,403,458
Loss on disposal of fixed asset	33,335	-	33,335
Total operating expenses	<u>4,022,205</u>	<u>3,945,631</u>	<u>7,967,836</u>
Income from operations	<u>697,648</u>	<u>418,463</u>	<u>1,116,111</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	\$ 24,608	\$ 29,724	\$ 54,332
Interest expense	(274,413)	(193,651)	(468,064)
Total non-operating revenue (expenses)	<u>(249,805)</u>	<u>(163,927)</u>	<u>(413,732)</u>
Income (loss) before contributions and transfers	447,843	254,536	702,379
Capital contributions	232,223	46,738	278,961
Transfers in	-	10,668	10,668
Transfers out	(7,500)	-	(7,500)
Change in net assets	672,566	311,942	984,508
Net assets - beginning of year	<u>14,321,797</u>	<u>12,433,480</u>	<u>26,755,277</u>
Net assets - end of year	<u>\$ 14,994,363</u>	<u>\$ 12,745,422</u>	<u>\$ 27,739,785</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2009

	Business - Type Activities		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from providing services	\$ 4,702,333	\$ 4,083,235	\$ 8,785,568
Cash payments for contractual expense	(1,361,361)	(1,629,903)	(2,991,264)
Cash payments for personnel services and benefits	(1,954,398)	(1,529,023)	(3,483,421)
Other operating revenue	17,354	19,762	37,116
Net cash provided by operating activities	<u>1,403,928</u>	<u>944,071</u>	<u>2,347,999</u>
Cash flows from non-capital and financing activities			
Transfers to/from other funds	<u>(7,500)</u>	<u>10,668</u>	<u>3,168</u>
Cash flows from capital and related financing activities			
Proceeds of capital debt	382,000	818,000	1,200,000
Principal paid on capital debt	(1,616,387)	(952,767)	(2,569,154)
Interest paid on capital debt	(277,717)	(190,217)	(467,934)
Capital grants	159,334	46,738	206,072
Net cash (used) by capital and related financing activities	<u>(1,352,770)</u>	<u>(278,246)</u>	<u>(1,631,016)</u>
Cash flows from investing activities			
Purchase of capital assets	(914,524)	(700,218)	(1,614,742)
Interest income	24,260	29,181	53,441
Net cash (used) by investing activities	<u>(890,264)</u>	<u>(671,037)</u>	<u>(1,561,301)</u>
Net increase (decrease) in cash and cash equivalents	(846,606)	5,456	(841,150)
Cash and cash equivalents, beginning of year	<u>1,925,044</u>	<u>1,614,593</u>	<u>3,539,637</u>
	<u>\$ 1,078,438</u>	<u>\$ 1,620,049</u>	<u>\$ 2,698,487</u>
Reconciliation of income from operations to net			
Income from operations	\$ 697,648	\$ 418,463	\$ 1,116,111
Depreciation	650,523	752,935	1,403,458
Loss on disposal of fixed asset	33,335	-	33,335
Change in assets:			
Accounts receivable	(63,152)	(185,900)	(249,052)
Due from other governments	63,063	(71,800)	(8,737)
Due from other funds	(303)	(3,422)	(3,725)
Prepaid expenses	854	676	1,530
Change in liabilities:			
Accounts payable	(7,761)	47,914	40,153
Accrued liabilities	8,844	5,184	14,028
Compensated absences	(1,916)	117	(1,799)
Due to retirement system	3,586	3,125	6,711
Due to other governments	844	-	844
Other liabilities	(12,263)	(10,788)	(23,051)
OPEB liability	65,056	89,452	154,508
Due to other funds	(34,430)	(101,885)	(136,315)
Net cash provided by operating activities	<u>\$ 1,403,928</u>	<u>\$ 944,071</u>	<u>\$ 2,347,999</u>
Reconciliation of total cash and cash equivalents			
Current assets - unrestricted cash and cash equivalents	\$ 537,035	\$ 272,833	\$ 809,868
Non-current assets - restricted cash and cash equivalents	541,403	1,347,216	1,888,619
Total Cash and cash equivalents	<u>\$ 1,078,438</u>	<u>\$ 1,620,049</u>	<u>\$ 2,698,487</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Private Purpose <u>Trusts</u>	Agency Funds	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 45,268	\$ 91,449	\$ 136,717
Due from Governmental Funds	-	746	746
	<u>\$ 45,268</u>	<u>92,195</u>	<u>\$ 137,463</u>
LIABILITIES			
Due to Governmental Funds	\$ -	\$ 6,454	\$ 6,454
Deposits held and due to others	-	63,419	63,419
Cafeteria plan	-	10,032	10,032
Other accrued liabilities	-	12,290	12,290
	<u>-</u>	<u>92,195</u>	<u>92,195</u>
Total Liabilities	-	92,195	92,195
NET ASSETS			
Held in trust for other purposes	15,942	-	15,942
Held in trust for scholarships	29,326	-	29,326
	<u>45,268</u>	<u>-</u>	<u>45,268</u>
Total Net Assets	45,268	-	45,268
Total Liabilities and Net Assets	<u>\$ 45,268</u>	<u>\$ 92,195</u>	<u>\$ 137,463</u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

		Private Purpose <u>Trusts</u>
ADDITIONS		
Interest revenue	\$	<u>836</u>
Total Additions		<u>836</u>
DEDUCTIONS		
Other		1,300
Scholarships awarded		<u>200</u>
Total Deductions		<u>1,500</u>
Change in Net Assets		(664)
Net Assets- Beginning of Year		<u>45,932</u>
Net Assets-End of Year	\$	<u><u>45,268</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. Summary of 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.

A. Financial Reporting Entity

The City of Watertown, New York (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 and 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.

Based on the foregoing criteria and the significant factors presented below, the following organization is 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.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, 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.

B. Basic 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.

1. Government-wide Statements

The government-wide statements include a Statement of Net Assets 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 assets resulting from the current year's activities.

In the government-wide Statement of Net Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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.).

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. 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:

a. Governmental Funds

The focus of the governmental funds' 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:

Special Grant 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. See Note regarding electrical distribution agreement. 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.

b. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, 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.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 benefited assessments used for debt retirement.

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

c. 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 assets and changes in net assets 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.

C. 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.

1. **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 Assets. 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.
2. **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.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

D. 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.

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 \$1,105 and is included in "Due to other Governments". A portion of the receivable \$51,155 is considered available and is included in liabilities as deferred revenues.

An allowance for uncollectible taxes of \$686,393 has been included in the General Fund accounts receivable balance at June 30, 2009.

E. 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. Prior to June 1, the budget is adopted by the City Council. Prior to June 30, the budget is legally enacted through City Council resolution.
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 with modified budget classifications and reflect year-end encumbrances.

CITY OF WATERTOWN, NEW YORK
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The general fund budget was amended from \$38,957,052 to \$38,802,422 to reflect receipt and disbursement of the following:

Prior year encumbrances	188,383
Re-adoption of General Fund Budget	(540,788)
Re-adoption of Tourism Fund Budget	82,000
Original general fund health insurance appropriations not included in Supplemental Schedule #1 due to the inclusion of the self-funded health insurance fund as part of general fund for reporting purposes were re-appropriated to non-health insurance line items and therefore increased the appropriations in comparison to the original budget	115,775
	<u>\$ (154,630)</u>

F. Cash and Cash Equivalents

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

G. Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. 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.

H. Investments

Investments are stated at fair value.

I. 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

CITY OF WATERTOWN, NEW YORK
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J. Compensatory 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 general long-term debt account group 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, 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.

K. 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:

- a. General Liability – The City has a self-insurance program for general liability insurance. The reserved fund balance is recorded within the General Fund.
- b. 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 \$618,059 as of June 30, 2009 has been recorded on the Statement of Net Assets representing the long-term liability of open workers compensation cases.
- c. 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, 2009 were \$9,832.
- d. 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 \$100,000. 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 \$366,123 has been recorded in the self-insurance fund for claims incurred as of June 30, 2009 but not reported based upon historical experience.

CITY OF WATERTOWN, NEW YORK
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L. Fund Balance

Reserves and Designations

The City's fund balance reserves represent those portions of fund balance not available for appropriation or expenditure. Designations of unreserved fund balances in governmental funds indicate the use of these resources in the ensuing year's budget or tentative plans for future use.

II. Detailed Notes on All Funds

A. Assets

1. Cash and Investments - Concentration of Credit, Interest Rate and Foreign Currency Risks

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 and certificates of deposit. 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. At year-end and during fiscal year 2009, 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, other than stated above, and is not exposed to any material interest rate risk.

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.

**CITY OF WATERTOWN, NEW YORK
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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, 2009 per the banks were \$17,905,170. These deposits are categorized as follows:

(a)	(b)	(c)
\$ 2,467,298	\$ 15,437,872	\$ - 0 -

As of June 30, 2009 the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>
Certificates of Deposit	\$ -
Certificates of Deposit-Trust & Agency Funds	25,939
State and Local Government Series Securities	<u>175,416</u>
Total	<u>\$ 201,355</u>

CITY OF WATERTOWN, NEW YORK
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2. Capital Assets

A summary of the changes in capital assets for the fiscal year ended June 30, 2009 follows:

Governmental Activities:

	Balance <u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
Non-depreciable capital assets:				
Land	\$ 2,952,170	\$ -	\$ -	\$ 2,952,170
Construction in Progress	<u>14,189,169</u>	<u>5,876,451</u>	<u>(18,977,672)</u>	<u>1,087,948</u>
Total	<u>\$ 17,141,339</u>	<u>\$ 5,876,451</u>	<u>(\$ 18,977,672)</u>	<u>\$ 4,040,118</u>
Depreciable capital assets:				
Land improvements	6,996,234	841,928	-	7,838,162
Buildings and improvements	30,372,055	74,744	-	30,446,799
Infrastructure	46,758,444	17,370,070	(30,627)	64,097,887
Machinery and equipment	10,207,086	610,463	(35,815)	10,781,734
Vehicles	<u>9,790,849</u>	<u>364,984</u>	<u>(230,442)</u>	<u>9,925,391</u>
Total	<u>104,124,668</u>	<u>19,262,189</u>	<u>(296,884)</u>	<u>123,089,973</u>
Less accumulated depreciation for:				
Land improvements	4,874,086	351,161	-	5,225,247
Buildings and improvements	9,203,294	691,049	-	9,894,343
Infrastructure	19,027,769	1,617,794	(25,691)	20,619,872
Machinery and equipment	6,982,434	578,685	(35,815)	7,525,304
Vehicles	<u>6,937,232</u>	<u>671,795</u>	<u>(225,553)</u>	<u>7,383,474</u>
Total	<u>47,024,815</u>	<u>3,910,484</u>	<u>(287,059)</u>	<u>50,648,240</u>
Depreciable capital assets, net:	<u>\$57,099,853</u>	<u>\$15,351,705</u>	<u>(\$ 9,825)</u>	<u>\$72,441,733</u>
 Grand total	 <u>\$74,241,192</u>	 <u>\$21,228,156</u>	 <u>(\$18,987,497)</u>	 <u>\$76,481,851</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 150,901
Hydroelectric production	227,843
Police	146,948
Fire	419,825
Other public safety	9,424
Public Works	2,046,605
Bus	247,670
Library	136,136
Other culture and recreation	488,536
Refuse and recycling	36,596
Other home and community services	-
Total	<u>\$ 3,910,484</u>

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Business-Type Activities:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Non-depreciable capital assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	<u>766,818</u>	<u>1,520,626</u>	<u>(2,049,191)</u>	<u>238,253</u>
Total	<u>\$ 766,818</u>	<u>\$ 1,520,626</u>	<u>(\$2,049,191)</u>	<u>\$ 238,253</u>
Depreciable capital assets:				
Land improvements	\$ 250,568	\$ -	\$ -	\$ 250,568
Buildings and improvements	27,353,259	-	-	27,353,259
Infrastructure	18,787,090	1,765,981	(6,321)	20,546,750
Machinery and equipment	15,334,317	333,072	(100,004)	15,567,385
Vehicles	<u>823,210</u>	<u>68,854</u>	<u>(64,667)</u>	<u>827,397</u>
Total	<u>62,548,444</u>	<u>2,167,907</u>	<u>(\$170,992)</u>	<u>64,545,359</u>
Less accumulated depreciation for:				
Land improvements	218,164	12,528	\$ -	230,692
Buildings and improvements	12,329,417	540,402	-	12,869,819
Infrastructure	4,584,769	290,559	(6,321)	4,869,007
Machinery and equipment	11,727,740	527,125	(66,669)	12,188,196
Vehicles	<u>697,635</u>	<u>32,844</u>	<u>(64,667)</u>	<u>665,812</u>
Total	<u>29,557,725</u>	<u>1,403,458</u>	<u>(\$137,657)</u>	<u>30,823,526</u>
Depreciable capital assets, net:	<u>\$32,990,719</u>	<u>\$ 764,449</u>	<u>(\$ 33,335)</u>	<u>\$33,721,833</u>
Grand total	<u>\$33,757,537</u>	<u>\$ 2,285,075</u>	<u>(\$ 2,082,526)</u>	<u>\$33,960,086</u>

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

Water	\$ 650,523
Sewer	<u>752,935</u>
Total	<u>\$1,403,458</u>

2. Restricted Cash, Cash Equivalents and Investments

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

<u>Fund</u>	<u>Restricted</u> <u>Balance</u>	<u>Restriction</u>
General – Cash	\$ 66,407	Reserve for Duffy Fairgrounds Stadium repairs
General – Cash	\$ 591,375	Reserve for capital projects
General – Cash	\$ 35,630	Reserve for special assessment sidewalk program debt
Water – Cash	\$ 118,036	Reserve for coagulation basin maintenance
Special Revenue – Cash	\$ 112,506	Federal and State community development grants
Capital – Cash	\$ 2,219,301	Reserve for capital project acquisitions and construction

**CITY OF WATERTOWN, NEW YORK
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Water – Cash	\$ 423,367	Reserve for capital project acquisitions and construction
Sewer – Cash	\$ 1,347,216	Reserve for capital project acquisitions and construction

4. Notes Receivable

To assist in the rehabilitation of homes of low and moderate-income persons in the City, the City was awarded various grants for its “Housing Improvement Program”. 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. Under the grant terms, eligible homeowners receive a grant and/or loan not to exceed \$20,000 using Community Redevelopment Block Grant funds. Grants are subject to repayment if the owner moves or sells the property within 5 years, prorated at 20% per year. Loans are repaid in monthly installments over a 5-year period 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 total loans outstanding at June 30, 2009 was \$12,497. The balance of the grants subject to repayment at June 30, 2009 was \$776,709.

The City was awarded \$400,000 through a Fiscal Year 2005 Small Cities Community Development Block Grant to support a new City-wide home ownership program that combines CDBG and North Country HOME Consortium funds to allow Neighbors of Watertown to purchase existing homes and rehabilitate those properties before selling them to qualified low or moderate income buyers who have completed a home ownership counseling program and secured appropriate bank mortgage financing. Under the grant terms, eligible homebuyers receive a loan not to exceed \$20,000 to be repaid to the City at zero percent interest in monthly installments over twenty years. Loans are subject to repayment if the owner moves or sells the property before the end of the mortgage. Loans in the amount of \$80,000 were awarded during the current year. The balance of these loans outstanding at June 30, 2009 was \$320,139.

Additionally, the City issued a loan to a limited partnership using Community Development Block Grant Funds for rehab to an apartment building. This loan is subordinate to existing mortgages, maturing 2024 and bearing interest at 6.25%. All accrued interest and principal are payable at maturity. The balance of this loan at June 30, 2009 was \$71,500. Deferred revenue has also been recorded equivalent to the amount of the loan outstanding.

The City was awarded a North Country HOME Consortium Fiscal Year 2006 and 2007 grant in the amount of \$230,000 to assist approximately twelve income eligible homeowners repair their homes. The purpose of this program is to improve neighborhood 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 be encouraged to eliminate those problems

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
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where they adversely affect the property or the surrounding neighborhood whenever assistance is provided under this program. Grants of \$65,921 were awarded during the current year.

The City was awarded \$650,000 through a Fiscal Year 2007 Small Cities Community Development Block Grant to support the redevelopment of the Franklin Building, located at 50 Public Square in downtown Watertown. The project will include commercial tenants on the ground floor and rental apartments that will be affordable to lower income households on the upper floors. Grant expenditures for the fiscal year ending June 30, 2009 were \$4,986.

The City was also awarded an additional \$1,550,000 for the Franklin Building renovation and related soft costs through the 2006-07 New York State Empire State Development's RESTORE NY Communities grant program. Grant expenditures for the fiscal year ending June 30, 2009 were \$ 0.

The City was awarded \$400,000 through a Fiscal Year 2008 Small Cities Community Development Block Grant to support a new City-wide rental rehabilitation program to expand and preserve the supply of affordable housing in Watertown by promoting rehabilitation of existing substandard apartments throughout the City. Under the grant terms, eligible property owners would receive CDBG financing of eligible improvements up to a maximum of \$20,000. Fifty percent of the financing will be provided as a grant which will not be repaid as long as the property owner complies with all of the requirements of the program. The balance of the financing will be repaid over 5 years in monthly installments at a rate of \$18 per \$1,000. Loans are subject to repayment if the owner moves or sells the property before the end of the mortgage. No grants or loans were awarded during the current year.

The City was awarded a North Country HOME Consortium Fiscal Year 2008 grant in the amount of \$230,000 to assist approximately eleven income eligible home-owners repair their homes. The purpose of this program is to improve neighborhood 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 be encouraged to eliminate those problems where they adversely affect the property or the surrounding neighborhood whenever assistance is provided under this program. Deferred payment loans will be available to help pay the cost of eligible improvements up to a maximum of \$20,000 for each housing unit. The grants are subject to repayment if the owner moves or sells the property within 5 years, prorated at 20% per year. Grants of \$138,346 were awarded during the current year.

The City was awarded \$1,006,147 from the 2007-08 New York State Empire State Development's RESTORE NY Communities grant program to support the redevelopment of the Franklin Building, located at 50 Public Square in downtown Watertown. The project will include the renovation of an abandoned industrial building to be known as Riverview Plaza into commercial and residential use that will be affordable to lower income households on the upper floors. Grant expenditures for the fiscal year ending June 30, 2009 were \$ 601,879.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

B. Liabilities

1. Short-Term Debt

A summary of bond anticipation note transactions for the year ended June 30, 2009 is as follows:

Balance at July 1, 2008	\$ 4,165,000
Additions	-
Reductions	<u>(4,165,000)</u>
Balance at June 30, 2009	<u>\$ -</u>

The City issued a bond anticipation note on February 25, 2008 with a maturity date of February 25, 2009 to finance various projects. The interest rate was 2.00% with a premium of \$28,500 resulting in a net interest cost of 1.32%. The bond anticipation note was backed by the full faith and credit of the City of Watertown. On February 11, 2009 the City of Watertown issued \$3,220,000 of General Obligation Bonds to retire the bond anticipation note and finance additional capital projects.

2. Long-Term Debt

During the year ended June 30, 2009, the following changes occurred in long-term obligations:

Governmental Activities:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$23,650,231	2,020,000	(\$2,709,622)	\$22,960,609	\$2,811,527
Compensated Absences	405,431	-	(113,679)	291,752	30,000
Landfill Monitoring	288,000	-	(18,000)	270,000	18,000
NYPA Loan Payable	<u>184,825</u>	-	<u>(45,260)</u>	<u>139,565</u>	<u>46,973</u>
Total	<u>\$24,528,487</u>	<u>\$2,020,000</u>	<u>(\$2,886,561)</u>	<u>\$23,661,926</u>	<u>\$2,906,500</u>

The Statement of Net Assets at June 30, 2009 includes a deferred amount of \$37,944 on the advance refunding of bonds in fiscal year ended June 30, 2003.

Business-type Activities

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
General Obligation Bonds:					
Water	\$ 6,071,701	\$ 382,000	(\$1,107,187)	\$ 5,346,514	\$ 902,992
Sewer	4,281,668	818,000	(434,391)	4,665,277	502,681
NYPA Loan Payable	<u>7,661</u>	-	<u>(1,876)</u>	<u>5,785</u>	<u>1,947</u>
Total	<u>\$10,361,030</u>	<u>\$ 1,200,000</u>	<u>(\$1,543,454)</u>	<u>\$ 10,017,576</u>	<u>\$ 1,407,620</u>

The Statement of Net Assets at June 30, 2009 includes a deferred amount of \$34,056 on the advance refunding of bonds in fiscal year ended June 30, 2003.

CITY OF WATERTOWN, NEW YORK
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JUNE 30, 2009

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, 2009 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Paid 6/30/09</u>	<u>Outstanding 6/30/09</u>	<u>Maturity Date</u>
Sanitary and Storm Sewers	9.60%	\$2,330,000	\$ 75,000	\$ 550,000	12/2017
Water Filtration	7.40-7.60%	4,100,000	225,000	-	4/2009
Public Improvements	6.90-7.00%	5,471,000	75,000	75,000	5/2010
Public Improvements	6.30-6.375%	10,518,000	395,200	1,190,400	10/2011
Public Improvements	5.50-5.70%	3,599,000	175,000	500,000	10/2011
Public Improvements	5.25-5.60%	3,060,000	41,000	92,000	10/2011
Public Improvements	5.30-5.70%	2,808,000	100,000	200,000	7/2011
Public Improvements	4.60-5.25%	4,220,000	125,000	30,000	3/2013
Public Improvements	5.00-7.10%	11,010,000	260,000	7,335,000	11/2025
Public Improvements	3.50-4.85%	3,908,466	300,000	360,000	3/2013
Public Improvements	5.125-5.50%	6,105,000	315,000	1,350,000	6/2020
Public Improvements	7.40-7.50%	160,000	10,000	120,000	5/2021
Public Improvements	4.00-5.00%	2,310,000	150,000	910,000	5/2021
Public Improvements	2.50-4.00%	2,155,000	210,000	515,000	3/2012
Public Improvements	2.75-4.25%	8,145,000	625,000	5,250,000	1/2024
Public Improvements	4.00-4.375%	5,700,000	400,000	4,500,000	11/2020
Public Improvements	4.625-7.5%	\$250,000	25,000	175,000	11/2015
Public Improvements	3.25-4.00%	\$7,345,000	745,000	6,600,000	02/2023
Public Improvements	2.50-3.25%	\$3,220,000	-----	3,220,000	09/2018
Total Serial Bonds			<u>\$4,251,200</u>	<u>\$32,972,400</u>	

On February 11, 2009 the City of Watertown issued \$3,220,000 of General Obligation Bonds to finance various capital projects at interest rates ranging from 2.50% to 3.25%. The net interest cost over the life of the bond is 2.81%.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,811,527	\$1,074,683	\$ 3,886,210
2011	2,389,187	950,853	3,340,040
2012	2,207,957	851,775	3,059,732
2013	1,801,202	760,721	2,561,923
2014	1,655,702	679,880	2,335,582
2015-2019	7,075,034	2,348,478	9,423,512
2020-2024	3,715,000	968,253	4,683,253
2025-2026	<u>1,305,000</u>	<u>85,793</u>	<u>1,390,793</u>
	<u>\$22,960,609</u>	<u>\$ 7,720,436</u>	<u>\$30,681,045</u>

**CITY OF WATERTOWN, NEW YORK
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JUNE 30, 2009**

Business-type Activities:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,405,673	\$ 401,709	\$ 1,807,382
2011	1,276,013	333,138	1,609,151
2012	1,197,043	276,286	1,473,329
2013	733,798	233,905	967,703
2014	724,298	205,606	929,904
2015-2019	3,419,966	612,763	4,032,729
2020-2024	1,255,000	99,056	1,354,056
2025-2026	-	-	-
	<u>\$ 10,011,791</u>	<u>\$2,162,463</u>	<u>\$12,174,254</u>

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, 2009 was \$ 173,230.

Advance Refunding

On March 15, 1998, the City issued \$3,908,466 in Environmental Improvement Refunding Bonds with interest rates ranging from 3.5% to 4.85% to advance refund \$3,608,700 of outstanding 1991, 1992 and 1996 series bonds with interest rates ranging from 4.60% to 6.37%.

Also, on March 15, 1998, the City issued \$2,525,000 in Environmental Improvement Refunding Bonds with interest rates ranging from 3.55% to 4.55% to advance refund \$2,350,000 of outstanding 1998 series bonds with interest rates ranging from 7.50% to 7.70%. These bonds were called on May 1, 1998.

For both issuances, the City used net proceeds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds, and accordingly, these securities are not included in the balance sheet.

These advance refundings reduced total debt service payments over fourteen years by \$1,148,000. The refunding bonds were issued through the New York State Environmental Facilities Corporation Clean Water and Drinking Water Revolving Funds Revenue Bonds (Pooled Loan Issue) Series 1998 A and B.

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.

**CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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.

NYPA Loan Payable

On June 1, 2002 New York Power Authority issued a loan in the amount of \$459,702 to the City of Watertown for 120 monthly payments maturing May 1, 2012 at a variable interest rate. The interest rates in effect for this fiscal year ranged from 1.92 to 3.76%. The outstanding balance at June 30, 2009 is \$145,350. The estimated maturities over the next five years and thereafter are as follows:

2010	\$ 48,920
2011	49,868
2012	<u>46,562</u>
	<u>\$145,350</u>

3. Prior Years Defeasance of Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for defeased bonds are not included in the City's financial statements. On June 30, 2009, \$237,600 of bonds outstanding is considered defeased.

4. Deferred Revenue

Deferred revenue consists of the following:

General Fund:

Deferred property tax revenue and prepaid interest installments on special assessments	\$ <u>102,054</u>
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Special Revenue Fund

Notes receivable funded from grant proceeds	\$ <u>1,222,986</u>
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Capital Projects Fund

Deferred State Aid and other miscellaneous sources	\$ <u>84,817</u>
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5. 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

**CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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 the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. 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, 2009 and two preceding years were:

	FYE 6/30/09	FYE 6/30/08	FYE 6/30/07
Employer Contributions			
ERS	\$ 635,943	\$ 737,283	\$ 762,350
PFRS	\$ 1,365,509	\$ 1,094,456	\$ 1,133,628
Employee Contributions			
ERS	\$ 80,686	\$ 71,249	\$ 62,311
PFRS	\$ -	\$ -	\$ -

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, New York 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 \$21,000 relating to this bonus retirement plan as part of the accrued compensated absences balance in the General Fund.

6. 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 must be 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 the 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, 2009 the City contributed approximately \$6,614,140 to the plan for its share of the health insurance premiums while plan members receiving benefits contributed \$543,194.

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 the 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 FINANCIAL STATEMENTS
JUNE 30, 2009

	Governmental Activities	Business- type Activities - Water Fund	Business- type Activities - Sewer Fund	Total
Annual Required Contribution (ARC)	\$ 4,895,831	\$ 282,879	\$ 332,959	\$ 5,511,669
Interest on net OPEB obligation	\$ -	\$ -	\$ -	\$ -
Adjustment to ARC	\$ -	\$ -	\$ -	\$ -
Annual OPEB cost	\$ 4,895,831	\$ 282,879	\$ 332,959	\$ 5,511,669
Contributions Made	\$ (2,773,378)	\$ (217,823)	\$ (243,507)	\$ (3,234,708)
Change in net OPEB obligation	\$ 2,122,453	\$ 65,056	\$ 89,452	\$ 2,276,961
Net OPEB obligation - beginning of year *	\$ -	\$ -	\$ -	\$ -
Net OPEB obligation - end of year	<u>\$ 2,122,453</u>	<u>\$ 65,056</u>	<u>\$ 89,452</u>	<u>\$ 2,276,961</u>

* Not actuarially determined

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

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Governmental Activities	\$ 4,895,831	56.65%	\$ 2,122,453
Business-type Activities - Water Fund	\$ 282,879	77.00%	\$ 65,056
Business-type Activities - Sewer Fund	\$ 332,959	73.13%	\$ 89,452

Funded Status and Funding Progress

As of September 1, 2008, the most recent actuarial valuation date, the City's actuarial accrued liability for benefits was \$106,599,921 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the plan) was \$15,321,802 and the ratio of unfunded actuarial accrued liability to covered payroll was 695.74%.

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 presents information on the actuarial value of the plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the actuarial accrued liability.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a) / (c)
Sept. 1, 2008	\$ -	\$106,599,921	\$106,599,921	0.00%	\$15,321,802	695.74%

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, 2008 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 payroll on an open basis. The actuarial assumptions include 5.0% investment rate of return and an inflation rate of 3.0%. The annual healthcare cost trend rate was 6.9% for the current fiscal year and increasing to 9.5% for the following year and then decreasing 0.5% per fiscal year until the fiscal year ending June 30, 2019 and beyond where it was kept at 5.0%.

C. Fund Balances

1. Reserved Fund Balances

Reserved fund balances consist of the following:

General Fund

- Encumbrances – An amount reserved to satisfy purchase orders and other commitments for which goods and/or services will be received in the following year
- 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
- Workers Compensation – An amount reserved to pay workers' compensation claims
- 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.

**CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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, 2009 was \$175,657.

2. Other Fund Balance Disclosures

Deficit Fund Balance

There were no funds with a deficit fund balance at June 30, 2009.

3. Excess of Expenditures over Appropriations

No funds' expenditures for the fiscal year ended June 30, 2009 exceeded appropriations.

D. 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.

Inter-fund receivable and payable balances arising from these transactions as of June 30, 2009 were as follows:

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General Fund	\$1,957,294	\$ 14,757
Community Development Fund	-	3,382
Water Fund	10,580	57,008
Sewer Fund	26,172	69,005
Library Fund	-	4,790
Capital Project Funds	-	1,840,867
Self-Funded Health Insurance	1,471	-
Trust and Agency	746	6,454
	<u>\$ 1,996,263</u>	<u>\$1,996,2633</u>

Inter-fund Eliminations

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

	<u>General Fund</u>	<u>Self-funded Health Insurance Fund</u>
Revenues	\$ -	\$5,638,431
Expenditures	<u>5,638,431</u>	-
Total	<u>\$5,638,431</u>	<u>\$5,638,431</u>

**CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

E. Operating Leases

State Street Parking Lot

The City leases a parking lot located at 250-270 State Street from Wilson Rusho and Terry MacAdam. The term of the lease is for a ten-year period from October 22, 2001 through October 21, 2011. The annual rent is \$1,900.

Minimum future rentals to be paid over the term of the lease:

<u>Fiscal year ended June 30,</u>	<u>Amount</u>
2010	\$ 1,900
2011	<u>1,900</u>
	<u>\$3,800</u>

Fairgrounds Property Lease

The City was the lessor of a portion of the Fairgrounds property to Ultimate Goal of Watertown, LLC which subsequently assigned the lease to Watertown Savings Bank. The lease dated July 28, 1998 was for a term of twenty-five years. The lease was amended on June 16, 2003. Watertown Savings Bank began leasing the building in 2006 to the Watertown Family YMCA. After being granted New York State Legislative approval the City is now the lessor of the portion of the Fairgrounds property to the Watertown Family YMCA which has purchased the building from Watertown Savings Bank. 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. Total rental expenses for the fiscal year ending June 30, 2009 were \$7,500.

Minimum future rentals on the lease in the aggregate and for each of the next five years are as follows:

<u>Fiscal year ended June 30,</u>	<u>Amount</u>
2010	\$ 24,000
2011	24,000
2012	24,000
2013	24,000
2014	24,900
Thereafter	<u>564,107</u>
	<u>\$685,007</u>

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

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009 were \$685,117.

Estimated minimum future rental payments under the non-cancelable operating lease for each of the next five years and in the aggregate are:

2010	\$ 207,369
2011	197,405
2012	187,443
2013	177,481
2014	167,518
Thereafter	<u>157,555</u>
Total	<u>\$1,094,771</u>

Equipment Lease

The City is the lessor of certain office equipment. The lease dated September 30, 2008 is for a term of five years. Minimum future rentals on the lease in the aggregate and for each of the next five years are as follows:

<u>Fiscal year ended June 30,</u>	<u>Amount</u>
2010	\$ 2,596
2011	2,596
2012	2,596
2013	2,596
2014	<u>433</u>
	<u>\$10,817</u>

III. 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 arrests, 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, 2009, 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 \$696,249 as of June 30, 2009 for un-funded general liability claims.

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 or 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.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Environmental Concerns

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, 2009, the City is not aware of any significant environmental problems related to these normal City operations that should be disclosed in the general-purpose financial statements.

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 \$561,200 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 entered into a professional services contract for \$ 618,000 of which \$380,136 has been spent to date with Lu Engineers to prepare the investigation phase of the Environmental Restoration Program. As of June 30, 2009 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.

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, 2009, an estimated \$270,000 in post-closure care cost will be incurred over the remaining 16-year period. This liability is recorded in the long-term debt account group 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.

Black River Fund

The City of Watertown owns a hydroelectric facility on the Black River and has applied to the Federal Energy Regulatory Agency (FERC) for a new hydro-electric generation license. 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.

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.

CITY OF WATERTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 also allocated \$80,000 to the City for its Hole Brothers Access Improvement Project. The award is funded with \$60,000 of current funds and \$10,000 from each of the 2008 and 2009 City contributions to the fund. As of June 30, 2009, all \$80,000 has been distributed from the Black River Fund to the City for its Hole Brothers Access Improvement Project.

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, 2009 was \$7,346.

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.

On June 16, 1995, the FERC issued a new license to the City for the continued operation, maintenance and expansion of the City's existing hydro plant.

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:

- Niagara Mohawk 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.
- 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.
- The City will lease all of its surplus power to Niagara Mohawk 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.

Watertown International Airport / Jefferson County Sales Tax Agreement

On May 3, 2004, the City agreed to a revised sales tax distribution with Jefferson County. Effective on September 1, 2004, Jefferson County increased the county's sales tax from 3.00% to 3.75%. Under the prior agreement the City received 28% of the County sales tax collections. The City agreed to forego receiving distributions on the additional revenue for the first five quarters that the new tax rate is in effect thus reducing its overall collection percentage of total sales tax collections to 22.4%. During the first five quarters, Jefferson County will retain all funds collected

CITY OF WATERTOWN, NEW YORK
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JUNE 30, 2009

in excess of the original 3.00%. After the first five quarters, the City's overall collection percentage increases to 23.0% effective on 12/1/05, to 23.5% effective 12/1/06 and to 24.0% effective 12/1/07.

As part of the sales tax agreement, Jefferson County has agreed to take over the ownership of the Watertown International Airport, including all operating expenses and outstanding debt. The City/County transfer agreement was approved by the Federal Aviation Authority and New York State Department of Transportation. The transfer took place during 2006. Assets net of associated debt amounting to \$5,088,452 were transferred to the County on March 1, 2006.

On May 1, 2007 the Jefferson County Board of Legislators agreed to eliminate the 2% tax on residential energy sources and services effective September 1, 2007 and to absorb the full cost of providing emergency dispatch services to the City over a two year period beginning with a 50% reduction in charges in 2008 and a full reduction in 2009 and thereafter. The County agreed to these changes to gain the bipartisan support for the introduction of a bill in the State Legislature that extended the County's authorization to impose the additional three quarters of one percent (3/4%) rate of sales tax through November 30, 2009.

Sewer Agreement Between The Development Authority of the North Country and the City

By resolution adopted July 6, 2009, the City Council approved two twenty-year agreements retroactive to April 1, 2009 between the City and the Development Authority of the North Country to provide sewage treatment and leachate treatment services to Fort Drum and outlying communities at the City's Water Pollution Control Plant. The Development Authority of the North Country and United States Army executed an agreement on June 13, 1986 requiring sewage to be delivered for treatment at the Watertown Water Pollution Control Plant by April 1, 1987.

Gross Receipts Tax Refund Request from National Grid

On December 26, 2008 National Grid has requested a gross receipts tax refund of the in the amount of \$184,430 for the time frame covering December 25, 2005 through September 30, 2008 on the basis that it erroneously included revenues from electric transmission and distribution service and gas transportation service which did not originate within the boundaries of the City. National Grid is seeking similar refunds from approximately 150 New York communities.

On behalf of the affected communities the New York Conference of Mayors (NYCOM) requested and received an Advisory Opinion of the New York State Department of Taxation and Finance that supports NYCOM's position on the applicability of the local gross receipts tax to unbundled sales of energy commodities. Accordingly, National Grid has been requested to abandon their attempts to collect a refund, immediately begin collecting the gross receipts tax in accordance with the Advisory Opinion and remit a supplemental payment to the affected municipalities on their gross receipt tax underpayments since November 2008. National Grid has applied to the NYS Public Service Commission for a tariff revision to allow them to begin collecting the gross receipts tax in accordance with the Advisory Opinion.

The City has not accrued any additional revenues for the fiscal year ending June 30, 2009 related to the underpayments as it is unclear if National Grid will apply the ruling retroactively nor did the City record the initial refund request in the financial statements as a liability.

**CITY OF WATERTOWN, NEW YORK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Resources (Inflows)				
Real property taxes	\$ 6,988,172	\$ 6,988,172	\$ 7,101,270	\$ 113,098
Real property tax items	2,526,445	2,526,445	2,528,544	2,099
Non-property taxes	16,710,000	15,208,138	15,464,169	256,031
Departmental income	4,053,500	4,253,500	4,022,744	(230,756)
Intergovernmental charges	94,500	94,500	163,224	68,724
Use of money and property	276,900	276,900	302,054	25,154
Licenses and permits	65,200	65,200	127,073	61,873
Fines and forfeitures	90,000	90,000	117,660	27,660
Sale of property and compensation for loss	46,600	46,600	322,899	276,299
Miscellaneous local sources	580,970	580,970	639,974	59,004
Interfund revenue	718,176	833,951	1,074,812	240,861
State source	5,956,189	5,881,189	5,939,385	58,196
Federal sources	713,400	713,400	553,451	(159,949)
Transfers from other funds	31,500	181,500	239,520	58,020
	<u>38,851,552</u>	<u>37,740,465</u>	<u>38,596,779</u>	<u>856,314</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
General government support	5,599,714	5,292,250	4,935,144	357,106
Public safety	13,983,326	13,986,629	13,510,962	475,667
Transportation	4,138,994	4,224,243	3,967,467	256,776
Economic assistance and development	114,500	111,200	84,088	27,112
Culture and recreation	1,217,544	1,234,811	1,114,563	120,248
Home and community services	1,384,236	1,391,701	1,093,377	298,324
Employee benefits	6,808,000	6,857,600	6,222,736	634,864
Debt service	4,218,358	4,218,608	4,033,133	185,475
Transfers to other funds	1,492,380	1,485,380	1,483,832	1,548
	<u>38,957,052</u>	<u>38,802,422</u>	<u>36,445,302</u>	<u>2,357,120</u>
Total charges to appropriations				
Excess (Deficiency) of Resources Over Charges to Appropriations	(105,500)	(1,061,957)	2,151,477	3,213,434
Appropriation of prior year fund balance	<u>145,000</u>	<u>831,074</u>	-	<u>(831,074)</u>
Excess / (Deficiency) of Resources Over Charge to Appropriations	<u>\$ 39,500</u>	<u>\$ (230,883)</u>	2,151,477	<u>\$ 2,382,360</u>
Fund Balance, Beginning of year			11,420,112	
Fund equity transfer			<u>65,481</u>	
Fund Balance, End of year			<u>\$ 13,637,070</u>	

See Paragraph on Supplemental Schedules Included in Auditor's Report.

SUPPLEMENTAL SCHEDULE #2

CITY OF WATERTOWN, NEW YORK

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**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
US Department of Housing & Urban Development:		
Community Development Block Grant/Small Cities	14.219	\$ 106,853
Community Development Block Grant/State's Loan	14.228	33,313
HOME Investment Partnerships Program	14.239	<u>238,872</u>
Total Department of Housing & Urban Development		<u>379,038</u>
US Department of Transportation:		
Passed Through New York State:		
Highway Planning and Construction	20.205	2,027,776
State and Community Highway Safety	20.600	7,341
Federal Transit Administration - Formula Grants for Other than Urbanized Areas	20.509	<u>192,486</u>
Total Department of Transportation		<u>2,227,603</u>
US Department of Homeland Security:		
Assistance to Firefighters Grant	97.044	<u>194,580</u>
US Environmental Protection Agency:		
Brownfield Pilots Cooperative Agreements	66.811	<u>192,635</u>
		<u>\$ 2,993,856</u>

See Paragraph on Supplemental Schedules Included in Auditor's Report.

See accompanying notes to Schedule of Expenditures of Federal Awards.

CITY OF WATERTOWN, NEW YORK
 =====
 NOTES TO SCHEDULE OF EXPENDITURES
 OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

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.

2. Community Development Block grant loans:

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

CFDA #	Balance at 7/1/08	Issuance	Forgiveness	Balance at 6/30/09
14.228	\$831,622	\$ 201,600	\$ 245,575	\$ 787,647

3. Subrecipients:

No amounts were provided to subrecipients.

SUPPLEMENTAL SCHEDULE #3

CITY OF WATERTOWN, NEW YORK

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR "THE PLAN"

FOR THE YEAR ENDED JUNE 30, 2009

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)
9/1/08	\$ -	\$ 106,599,921	\$106,599,921	0%	\$ 15,321,802	695.74%

See Paragraph on Supplemental Schedules Included in Auditor's Report.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

**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***

To the Senior Management, Mayor and
Members of the City Council of
the City of Watertown, New York

We have audited 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, 2009, which collectively comprise the City of Watertown, New York's basic financial statements and have issued our report thereon dated January 28, 2010. We did not audit the financial statements of the Trustees of the Roswell P. Flower Memorial Library, which represents 100 percent of the City's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Trustees of the Roswell P. Flower Memorial Library, is based on the report of the other auditors. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Watertown, New York's internal control over financial reporting as a basis for designing our auditing procedures 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, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Watertown, New York's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Watertown, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Watertown, New York's financial statements that is more than inconsequential will not be prevented or detected by the City of Watertown, New York's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Watertown, New York's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted a certain matter that we reported to management of City of Watertown, New York, in a separate letter dated January 28, 2010.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POULSEN & PODVIN, P.C.

JANUARY 28, 2010

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Senior Management, Mayor and
Members of the City Council of
the City of Watertown, New York

COMPLIANCE

We have audited the compliance of the City of Watertown, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Watertown, New York's management. Our responsibility is to express an opinion on City of Watertown, New York's compliance 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 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 that 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. Our audit does not provide a legal determination of City of Watertown, New York's compliance with those requirements.

In our opinion, the City of Watertown, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

INTERNAL CONTROL OVER COMPLIANCE

The management of City of Watertown, New York is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Watertown, New York's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Mayor and Members of the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POULSEN & PODVIN, P.C.

JANUARY 28, 1010

CITY OF WATERTOWN, NEW YORK
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I – Summary of Auditor’s Results:

1. The auditor’s report expresses an unqualified opinion on the financial statements of the City of Watertown, New York.
2. There were no significant deficiencies disclosed during the audit of the financial statements of the City of Watertown, New York.
3. No instances of noncompliance material to the financial statements of the City of Watertown, New York, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs of the City of Watertown, New York.
5. The auditor’s report on compliance for the major federal award programs for the City of Watertown, New York expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in this Schedule in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major federal program included – Highway Planning and Construction Cluster- Highway Planning and Construction – CFDA #20.205.
8. The threshold used for distinguishing between Types A and B programs was \$300,000.
9. The City of Watertown, New York qualified as a low-risk auditee.

Section II – Financial Statement Audit Findings:

There were no findings to report.

Section III – Major Federal Award Programs Findings and Questioned Costs:

There were no findings to report.

CITY OF WATERTOWN, NEW YORK

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Summary Schedule of Prior Audit Findings:

FINDING 2008-1: Uncollateralized Deposits

Condition: Certificates of deposits from HSBC that matured were transferred to Key Bank on 6/30/08, causing deposits to exceed the collateral pledged on that date at Key Bank. Deposits on June 30, 2008 were uncollateralized by \$7,886,850. We noted management contacted Key Bank requesting adequate collateral for June 30, 2008 and the bank responded that additional securities were pledged as of July 1, 2008 in accordance with the Depository Collateral Agreement. We noted that eligible securities were pledged by Key Bank on 7/1/08.

Recommendation: We recommend that procedures be reviewed to ensure that deposits are collateralized at all times during the year.

Current Status: The recommendation was followed in 2008-2009. No similar findings were noted in the 2009 report.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

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

INDEPENDENT AUDITOR'S REPORT

To the Senior Management, Mayor and
Members of the City Council of
the City of Watertown, New York

Compliance

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, 2009. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each program tested is the responsibility of City of Watertown, New York's management. Our responsibility is to express an opinion on City of Watertown, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with accounting 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 non-compliance 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 such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Watertown, New York's compliance with those requirements.

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, 2009.

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, 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 for the purpose of expressing our opinion on compliance 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state transportation assistance program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state transportation assistance program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state transportation assistance program tested that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, which results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state transportation assistance program tested will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

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, 2009, and have issued our report thereon dated January 28, 2010. Our audit was performed 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of City of Watertown, New York's Mayor and Members of the City Council, management and the New York State Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

POULSEN & PODVIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

POULSEN & PODVIN, P.C.

JANUARY 28, 2010

CITY OF WATERTOWN, NEW YORK

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SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2009

Program Title	Ref. Number	Expenditures
Marchicelli - State St. Project	D017149	\$ 87,740
Consolidated Local Street and Highway Improvement Program Capital - Reimbursement/CHIPS	732059	682,550
Formula Grants for Other Than Urbanized Areas - DPW Maintenance Facility	C003695	4,624
Formula Grants for Other Than Urbanized Areas - BUS-Federal Section 5311	C003759	<u>5,837</u>
TOTAL		<u>\$ 780,751</u>

See accompanying notes to Schedule of State Transportation Assistance Expended.

CITY OF WATERTOWN, NEW YORK

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NOTES TO SCHEDULE OF STATE TRANSPORTATION
ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2009

NOTES

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.

B. Basis of Accounting:

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

CITY OF WATERTOWN, NEW YORK

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2009

Summary of Audit Results:

Internal control over state transportation assistance expended:

Material weakness(es) identified	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None reported

Type of auditor's report issued on compliance for Program tested:	Unqualified
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Summary of Audit Findings:	N/A
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Identification of State Transportation Assistance Programs tested:	Consolidated Local Street & Highway Improvement Program Capital Reimbursement- CHIPS Contract #732059
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Compliance Findings and Questioned Costs:

No matters were reported

April 8, 2010

To: The Honorable Mayor and City Council
From: Mary M. Corriveau, City Manager
Subject: Southside Water, Inc., James V. Lettiere, Jr.

On March 26, 2010, Water Superintendent Gary E. Pilon and I had an opportunity to sit down with Mr. James V. Lettiere, Jr. the Director and Operator of Southside Water, Inc. Mr. Lettiere asked that I provide the City Council with the attached information regarding the Lettiere Water District.

At the request of the City Council, Mr. Lettiere will attend the City Council Work Session on April 12, 2010. Mr. Lettiere is prepared to answer any questions the Council may have regarding the water utility system that supplies water to what is commonly known as the Lettiere Tract, a 100+ home subdivision located in the Town of Watertown between outer Holcomb Street and outer Ives Street. Unfortunately, Water Superintendent Gary E. Pilon is not available to attend this meeting.

Southside Water Inc.

16115 Heaslip Ln

Clayton NY 13624

Phone: (315) 686-4135

Fax:(315) 285-4417 Cell (315) 486-7937

Email: jimlettiere@twcny.rr.com

March 24, 2010

TO: Watertown City Council
FROM: James V. Lettiere Jr.

Re: Southside Water Inc.

In 1955 my dad purchased 129 acres of land (the former Gurnee Farm) from Dorothy Walton and Leland Hax on the southern edge of the city. He purchased the parcel with the Idea of starting a housing development.

One of the challenges he met was Water for the project. He approached the City and asked if they would be interested in annexing the property this would solve any water and sewer issues. The city told him that at the time there was an abundance of undeveloped property in the city and they did not want the additional liability at the time.

He then asked if the city would sell the development water. The response was positive.

He then approached the Town of Watertown to see if they would be Interested in taking possession of the water, sewer system and roads as they were constructed.

The towns response to this proposal was, they would take the roads as they were built but did not have any interest in owning a water and sewer system due to lack of infrastructure knowledge at the time. My dad then started the Lettiere Water System.

The system to the best of my understanding and recall was constructed as Follows:

- 1) 1958** An 8 inch meter pit was installed at the city limits of Holcomb St. and a section of line on Holcomb St From the city Limits to what is now Orchard Drive.
- 2) 1959** The sections of line from Holcomb St. down Sunset Rdg. and Birch Ln.
- 3) 1961** A second section of line on Sunset Ridge and Woodside Dr.
- 4) 1964** The section of line on Hillside Drive back to Sunset Ridge.
- 5) 1967** The section down Sunset Ridge from Hillside Dr. and south on Woodside Drive Ext.

- 6) **1986** The section of line along Orchard Dr. to Birch Ln.
- 7) **1991** The cross over section of line from Sunset Rdg. to County Rt. 65 and the section running south on County Rt. 65
- 8) **2005** A Section running north County Rt. 65 from the cross over section to Holcomb St.
- 9) **2005** A new master meter was installed by the City
- 10) **2007** The company Installed 102 new touch read Meters in the customers homes.
- 11) **2009** 40 feet of pipe and a fire Hydrant was added to Orchard Drive. Due to damage done by a hit and run accident done years earlier.

The System currently serves 105 customers and is permitted to serve 121.

In 1994 My dad passed away leaving my mother Grace M Lettiere the system. In 2002 mom was 83 years old. She asked me to take over responsibility.

I took the stewardship of the Lettiere Water System (Now Southside Water Inc.) in October of 2002. Since this time I have learned how much responsibility operating a water company is. In 2005 The company Incorporated becoming Southside Water Inc.

In the past I have approached the Town of Watertown Supervisor (Joel Bartlett) to see if the people would be interested in purchasing the system and forming a water district? This would spread the fixed operating cost over more customers which the Town already has in other districts, thus lowering the cost per customer, Water cost could also lower if the town was to reach an agreement to purchase water from the City of Watertown at a lower rate than private users. The answer I have been given to this proposal has been as follows: "We are not interested in pursuing this issue at this time". I have been asked off the record not to bring it to the Town Board and not to circulate any petitions at this time.

In 2004 after running the company for 2 years at a negative rate of return. I found I could not make ends meet. I applied for a rate increase of 12% I thought this might help us get by at the time as long as expenses remained constant. I was granted a 6% increase with some adjustment in expense concessions. I was asked by NYSPSC to monitor this for 2 or 3 years and reapply. In November of 2009 The company applied for a 90% rate Increase. This equates to an average monthly cost to the customers of \$112.08. If the rate 90% proposed increase is granted this is not much different than many peoples cell phone or cable bill.

I have attached a copy of the companies income statement filed with the commission with explanations also filed with the commission.

On 1/20/2010 I read an article in the Watertown Times regarding the town having an informational meeting to discuss the take over of the Lettiere water district.

On Jan. 21, 2010 I contacted Supervisor Bartlett and asked if I should attend said meeting. He indicated it probably would not be a good idea. I then asked if he would look at his calendar and call me back to set up a meeting to discuss options. He said he would call me back. I am still waiting for the call.

On Jan. 24, 2010 Patrick Scordo from GYMO engineers called saying Bernier Carr & Associates called requesting a digital copy of my water map. I told him to have them call me first.

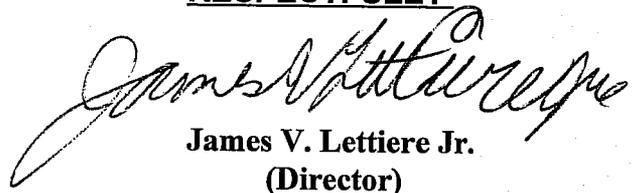
On January 21, 2010 Ike Cook from Bernier Carr & Associates called saying that they needed my map to use at a presentation. He led me to believe they were interested in taking possession of my system. I then called Patrick Scordo and told him to release a copy.

On Feb. 14, 2010 I read in the paper that Mickey G. Lehman from Bernier Carr & Associates has apparently presented a plan to apply for free grants to build a new system next to mine and would just disconnect from my system for the sum of 1.8 million dollars. However the town could not tell the people what the rates would be or if there would be debt load if this comes about.

I would like to point out the public service commission has no jurisdiction over a municipality when it comes to setting rates. However they do have to approve any rate adjustments, surcharges, tariffs, rules, capital improvements, and they audit any repair cost on an annual basis. In 1995 my mom submitted for a 10% rate hike and got a 6% reduction due to the fact she was selling more water than she was purchasing. In 2005 I applied for a 12% increase and got 6%.

Now I am here with the understanding the Town of Watertown is trying to take away my systems water source. I have the utmost respect for the City of Watertown and the people who work for it. I have always paid my bill on time and I appreciate what the city has done for my company. I would hope the relationship will continue.

RESPECTFULLY



James V. Lettiere Jr.
(Director)

Southside Water Inc. Estimated Inventory for 2010

rev 03/21/10

Location	Est year of installation	Estimated feet of main	Pipe Diameter In Inches	Type of pipe	Gate Valves	No. Hydrant shut off Gates	No of Hydrants	Make and Model of hydrant	Date of hydrant manufacture	No of customers Served	No of customers projected	No of potential customers	Notes
Holcomb St Meter Pit served Buy City	1958	0	8	Cast Iron	2								New Neptune Meter Installed Nov. 2005
Neptune Meters Installed in Residents Homes	2007		5/8"							105			Neptune T-10 Tuch read Meters
Holcomb St	1958	1360	8	AC	3					14	0	4	
Sunset Ridge	1959	490	8	AC	1					4	1	0	
Birch Lane	1959	340	8	AC	1					4	0	0	
Birch Lane	1959	740	6	AC	1					8	0	0	
Sunset Ridge	1961	1620	6	AC	4	1	1	Kennedy 5-K11	1961	13	0	1	Rebuilt by city 33/18/2010
Corner of Sunset Ridge and orchard Dr.	1961	75	6	AC	1					0	1	14	If street and sewer is added
Woodside Drive	1961	2000	6	AC	2					19	2	5	
Hillside Drive	1964	1450	6	AC	3	1	1	Kennedy K81D	2002	12	0	5	
Woodside Drive extension	1967	1200	6	AC	4					18	0	3	Line would need extending
Orchard Drive	1986	440	6	Ductile	2					1	2	1	
Birch Lane	1986	190	6	Ductile	0					0	0	0	
and Woodside ext. cross over to Ives St. Rd.	1991	550	8	Ductile	3	1	1	Muller 250wp	1990	1	1	0	
County Rt 65	1991	1430	8	Ductile	6	1	1	Muller 250wp	1990	8	3	2	Line would need extending 400'
County Rt 65	2005	600	8	Ductile	2	1	1	Kennedy K81D	2004	3	3	0	
Orchard Drive	2009	40	6	Ductile	0	1	1	Muller 250wp	1999	0	0	0	Installed used 2009
Total ductile		3250											
Total AC		9275											
Total all		12525			35	6	6			105	13	35	

TOWN OF ADAMS
TOWN OF BROWNVILLE
TOWN OF HARRISBURG
TOWN OF WATERTOWN

NY STATE CERTIFIED

TEL.: (315) 782-2270
FAX: (315) 782-6212
EMAIL: values@northnet.org

Roger E. Tibbetts

Sole Assessor

16710 US RT. 11
WATERTOWN, NEW YORK 13601

MEMBER:

INSTITUTE OF ASSESSING
OFFICERS SINCE 1986
NYS ASSESSORS ASSOCIATION
PRESIDENT 1995-1996

JEFFERSON COUNTY
ASSESSORS ASSOCIATION
PRESIDENT 1983-1985

April 18, 2006

James Lettierre
16115 Heaslip Ln.
Clayton, NY 13624

RE: Water District

Dear Mr. Lettierre;

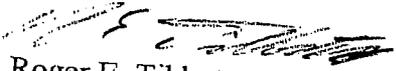
I have received the information you provided and also contacted the State Utility Division of the Office of Real Property Services to see what they had on file or could offer.

The 2005 assessment was 154,500 for 11,900 Feet, which is equal to \$12.983 per foot and applied to the new footage of 12,500 equals a 2006 assessment of 162,287 that I have rounded to 162,500.

As far as the Fire Tax I have discussed this with Joel Bartlett, Supervisor and neither myself or the Town Board has the authority to remove a property from Fire District Taxes. The only entity that has that authority is the Board of Fire Commissioners of the Town of Watertown. A letter from the Commissioners to remove Parcel 682.00-26-1 signed and notarized by the Chairman of the Board would suffice.

By removing the Fire District Code there would be no Fire Tax generated therefore relieving you of a small amount of tax each subsequent year. There is precedent in this since a parcel in a district that cannot benefit from the purpose of the district should not be taxed for the benefit.

Sincerely,


Roger E. Tibbetts, IAO

TOWN OF WATERTOWN, COUNTY OF JEFFERSON 2027

PAYABLE TO:
 CATHERINE M RICH, TAX COLL
 22867 COUNTY ROUTE 67
 WATERTOWN, NY 13601
 (315) 782-8248

SEQUENCE NO. 2028	PAGE NO. 1 OF 1	ROLL SECT. 6	BILL NO. 101581999
FISCAL YEAR 01/01/2010 - 12/31/2010		WARRANT DATE 12/08/2009	BANK CODE 980
ESTIMATED STATE AID CNTY 20,576,705 TOWN 258,669			

IN PERSON PAYMENT
 OFFICE HOURS MON-FRI 8:00-3:30PM
 TOWN OF WATERTOWN, CLERK'S OFFICE
 22867 CO RTE 67
 WATERTOWN, NY 13601

225800 682.00-26-1 [581999] 2028
 Southside Water Inc
 16115 Heaslip Ln
 Clayton, NY 13624

FOR YOUR INFORMATION
 LAST DAY TO COLLECT TOWN TAX 3/22/2010. 1ST INSTALLMENT MADE TO THE TOWN, 2ND & 3RD INSTALLMENTS PAID TO THE COUNTY. IF YOU ARE NOT PAYING BY INSTALLMENTS, ADDITIONAL INTEREST IS ADDED AFTER 2/01/2010. PLEASE REMOVE BOTTOM OF BILL AND RETURN WITH YOUR PAYMENT. CHECK BOX FOR RECEIPT. TAXES NOT PAID BY DUE DATES BELOW WILL INCUR ADDITIONAL CHARGES. CALL COUNTY TREASURER FOR ADDITIONAL INFORMATION AT (315) 785-3055.

PROPERTY DESCRIPTION AND LOCATION	EXEMPTION	VALUE		EXEMPTION	VALUE	
		FULL	ADJUSTED		FULL	ADJUSTED
225800 682.00-26-1 Water Mains						
Water Mains						
Watertown City						
Water supply						

ASSESSOR ESTIMATES THE FULL MARKET VALUE OF THIS PROPERTY AT: 253,906
 UNIFORM PERCENTAGE OF VALUE USED TO ESTABLISH ASSESSMENTS IS: 64.00%
 ASSESSED VALUE OF THIS PROPERTY IS: 162,500

LEVY DESCRIPTION	TOTAL TAX LEVY	% CHARGE FROM PRIOR	TAXABLE VALUE ADJUSTED BY EXEMPTION	TAX RATE PER \$1,000	TAX AMOUNT
County					
Watertown Zone 1 Fire	47,662,838	2.7	162,500.00	9.583296	1,557.29
Watertown Sewer 1	454,625	0.0	162,500.00	1.490554	242.22
Installment Fee			0.00		0.00
					53.99

Tax Bill Information Available at www.co.jefferson.ny.us

IF PAID BY PENALTY	TOTAL DUE	LATE PAYMENT SCHEDULE ON TOTAL TAX DUE
	18.00	03/01/2010
	1,817.51	03/22/2010
		35.99
		1,835.50

DETACH AND RETURN APPROPRIATE STUB WITH YOUR PAYMENT
 TAXPAYER'S COPY
 Check Here for Receipt
 3RD INSTALLMENT

TOTAL TAX 1,799.51
 DUE BY: 02/01/2010

DUE BY AMOUNT
 06/01/2010 599.83
 (ADDED CHARGES AFTER DUE DATE)

Tax Map No: 225800 682.00-26-1
 Bill No: 101581999
 Southside Water Inc
 16115 Heaslip Ln
 Clayton, NY 13624
 Bank Code: 980
 Make Payable and Mail to:
 JEFFERSON COUNTY TREASURER
 175 ARSENAL ST.
 WATERTOWN, NY 13601

Check Here for Receipt
 2ND INSTALLMENT

DUE BY AMOUNT
 03/31/2010 599.83
 (ADDED CHARGES AFTER DUE DATE)

Tax Map No: 225800 682.00-26-1
 Bill No: 101581999
 Southside Water Inc
 16115 Heaslip Ln
 Clayton, NY 13624
 Bank Code: 980
 Make Payable and Mail to:
 JEFFERSON COUNTY TREASURER
 175 ARSENAL ST.
 WATERTOWN, NY 13601

Check Here for Receipt
 1ST INSTALLMENT

DUE BY AMOUNT
 02/01/2010 653.84
 (ADDED CHARGES AFTER DUE DATE)

Tax Map No: 225800 682.00-26-1
 Bill No: 101581999
 Southside Water Inc
 16115 Heaslip Ln
 Clayton, NY 13624
 Bank Code: 980
 Make Payable and Mail to:
 CATHERINE M RICH, TAX COLL
 22867 COUNTY ROUTE 67
 WATERTOWN, NY 13601
 (315) 782-8248

OR
 FULL PAYMENT OPTION
 DUE BY AMOUNT
 02/01/2010 1,799.51

WATERTOWN CITY SCHOOL DISTRICT

2009 SCHOOL TAX BILL

1805

CHECK OR MONEY ORDER PAYABLE TO:

WATERTOWN CITY SCHOOL DISTRICT
1351 WASHINGTON ST.
PO BOX 586
WATERTOWN, NY 13601

SEQUENCE NO. 1805	PAGE NO. 1 OF 1	ROLL SECT. 6	BILL NO. 092181802
FISCAL YEAR 07/01/2009 - 06/30/2010		WARRANT DATE 09/01/2009	BANK CODE 980
ESTIMATED STATE AID SCHL 35,668,906			

IN PERSON PAYMENT

WILEY SCHOOL
1351 WASHINGTON ST.
WATERTOWN, NY 13601
MONDAY-FRIDAY 8:00-4:00

225800 682.00-26-1 [181802] 1805
Southside Water Inc
16115 Heaslip Ln
Clayton, NY 13624

PAYMENTS ACCEPTED AT WATERTOWN BRANCHES OF:
COMMUNITY BANK, KEY BANK, AND HSBC - THRU 11/5/09.
IF YOU REQUIRE A RECEIPT, RETURN ENTIRE BILL.
IF PROPERTY IS SOLD, PLEASE FORWARD BILL.
VETERANS EXEMPTIONS DO NOT APPLY FOR SCHOOL TAXES.
QUESTIONS CONCERNING TAX BILL, CALL (315)785-3713.
TAXES NOT PAID BY DUE DATES INCUR ADDITIONAL CHARGES.
CALL COUNTY TREASURER FOR INFORMATION (315)785-3055.

FOR YOUR INFORMATION

PROPERTY DESCRIPTION AND LOCATION		EXEMPTION	VALUE	FULL VALUE	EXEMPTION	VALUE	FULL VALUE
TAX MAP LOCATION SIZE	225800 682.00-26-1 Water Mains						
SCH DIST	Watertown City						
PROPERTY CLASS	Water supply						

ASSESSOR ESTIMATES THE FULL MARKET VALUE OF THIS PROPERTY AT:
UNIFORM PERCENTAGE OF VALUE USED TO ESTABLISH ASSESSMENTS IS:
ASSESSED VALUE OF THIS PROPERTY IS:

253,906
64.00%
162,500

LEVY DESCRIPTION	TOTAL TAX LEVY	% CHANGE FROM PRIOR	TAXABLE VALUE ADJUSTED BY EXEMPTION	TAX RATE PER \$1,000	TAX AMOUNT
TOWN OF Watertown					
School Tax	13,556,564	0.7	162,500.00	13.719068	2,229.35

Tax Bill Information Available at www.co.jefferson.ny.us

IF PAID BY	12/01/2009		
PENALTY	44.59		
TOTAL DUE	2,273.94		

DETACH AND RETURN APPROPRIATE STUB WITH YOUR PAYMENT

TOTAL TAX 2,229.35
DUE BY: 11/05/2009

TAXPAYER'S COPY

MR
10/5/09

cut along dotted line



Please Reply To:

AmeriSci Richmond
13635 GENITO ROAD
MIDLOTHIAN, VIRGINIA 23112
TEL: (804) 763-1200 • FAX: (804) 763-1800

FACSIMILE TELECOPY TRANSMISSION

To: Jessica Cook
Converse Laboratories, Inc.
Fax #:
Email: customerservice@converselabs.com

From: Beverly A. Schrage
AmeriSci Job #: 110031404
Subject: Water (drinking) 14 day Results
Client Project: AS10-0182; Southside Water Inc.;
16115 Heaslip Ln., Clayton, NY
13624, NY

Date: Wednesday, March 17, 2010
Time: 16:46:31

Number of Pages: 3
(including cover sheet)

Comments:

CONFIDENTIALITY NOTICE: Unless otherwise indicated, the information contained in this communication is confidential information intended for use of the individual named above. If the reader of this communication is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is prohibited. If you have received this communication in error, please immediately notify the sender by telephone and return the original message to the above address via the US Postal Service at our expense. Preliminary data reported here will be verified before final report is issued. Samples are disposed of in 60 days or unless otherwise instructed by the protocol or special instructions in writing. Thank you.

Certified Analysis *Service 24 Hours A Day • 7 Days A Week* *Competitive Prices*
visit our web site - www.amerisci.com

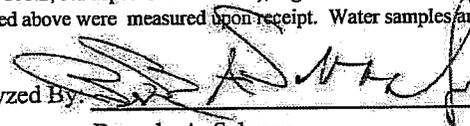
Boston • Los Angeles • New York • Richmond

Table I
Summary of Transmission Electron Microscopy (TEM) Results for Asbestos (Water)
 AS10-0182; Southside Water Inc.; 16115 Heaslip Ln., Clayton, NY 13624, NY

AmeriSci Sample #	Client Sample No./Location	Liquid Filtered (liters)	Temp (Celcius)	Structures Detected* (total)	Structures Detected* (>10 µm)	Analytical Sensitivity (MF/L)	Asbestos Conc (total) (MF/L)	Asbestos Conc (>10 µm) (MF/L)	Asbestos Type
01	Hydrant On Corner of Woodside & Sunset	0.02	6.2	NSD	NSD	0.18	<0.18	<0.18	----

* NAD/NSD = no asbestos detected, NA = not analyzed, MF/L = million fibers per liter, Drinking Water accreditations do not cover waste water analysis.

NOTE: Drinking water analysis by EPA-600/4-83-043 (100.1). Fiber criteria (≥ 0.5 microns, for 100.1; > 10 microns for 100.2; 5:1 aspect ratio for both), organic rich waste water prepped by EPA-600/4-80-005. Analytical sensitivity calculated as though 1 fiber had been detected on the TEM GRID area analyzed. Sample temperatures reported above were measured upon receipt. Water samples are refrigerated upon receipt and filtered within four hours.

Reviewed By: _____ ; Analyzed By:  Date: 3/17/2010
 Beverly A. Schrage

Southside Water Inc.

**C/O James V Lettiere
16115 Heaslip Ln
Clayton NY 13624
Phone: (315) 686-4135
Cell: (315) 486-7937**

December 9, 2007

**TO: Gary & Barbara Ashe
Bob & Beth Weldon
Joseph & Debbie LaClair**

FROM: James V Lettiere Jr (Director) PWS ID No. 2221333

Re: Request for water service

As per your formal request to receive water from Southside Water Inc. This action would require the company to extend its service area. You will find attached two detailed estimates to extend said service area and water main located on County Rt. 65. In the Town of Watertown.

The first estimate is for approximately 400 feet this would allow the company to supply the Gary & Barbra Ashe and Bob & Beth Weldon properties.

The Second 1400 foot estimate would allow the company to service Joseph & Debbie LaClair as well.

Scope of work:

- 1.) Gain all necessary permits and approvals from New York State Health Department, Department of Environmental Conservation, Public Service Commission, Town of Watertown, City of Watertown and Jefferson County.
- 2.) Install an 8" ductile iron water main with required fire hydrants approx 5 feet in total depth in or near the Jefferson County Highway right of way on the Westerly side of CR# 65 in the Town of Watertown NY.
- 3.) Inspect Test and Chlorinate as required by Health Department.

Additional cost not reflected in estimates attached:

If rock excavation is encountered additional funding would be required.

Each resident requesting service would be required to pay the current connection fee of \$1,500.00 for a 3/4" service connection.

Each owner would be required to install at His or her expense, a service line to a point at or near the main line built to the specifications set forth by Southside Water Inc.

The connection fee includes the following labor and materials:

- A) Tapping the main and installing one corporation stop valve on exposed main
- B) Installing approximately 8 Feet of 3/4" copper with one 3/4" curb stop valve with curb box
- C) One 5/8" touch read water meter with touch pad, one ball valve and adapters for meter. Owner is responsible for connection to his or her plumbing.
- D) Inspection of service line prior to and during backfill as required.

Conditions:

Each owner would be required to Submit a signed application for water service and agree to abide by the tariff and rules set fort by the New York State Public Service Commission before any connections are made.

This quotation is subject to change prior to the signing of a contract due to the fact cost of materials and labor vary.

This project must have a signed contract and be fully funded for any work to proceed.

If you have any questions and or wish to proceed with this work I may be reached at the above.

Respectfully

James V Lettiere Jr.
(Director Southside Water Inc.)

Estimate of materials & labor to Install approximately 400 feet of 8" ductile iron water main on CR#65 Ives St. Rd.

rev. 03/18/10

Qty	Description	Vendor	Cost Ea	Total
400	lin. Ft. of CL52 ductile iron pipe	Ferguson Waterworks	\$17.83	\$7,131.60
1	8" sleeve cupling	Ferguson Waterworks	\$91.23	\$91.23
2	8" 45 deg Elbow	Ferguson Waterworks	\$141.04	\$282.08
2	8" gate vales	Ferguson Waterworks	\$708.26	\$1,416.52
1	6" gate vale	Ferguson Waterworks	\$444.69	\$444.69
3	Gate boxes	Ferguson Waterworks	\$112.33	\$336.99
1	8"x 6" ductile iron Tee	Ferguson Waterworks	\$197.83	\$197.83
1	Fire Hydrant	Ferguson Waterworks	\$1,575.02	\$1,575.02
1	6"x 72" hydrant retaining adapter	Ferguson Waterworks	\$260.90	\$260.90
5	6" lug and gland kit	Ferguson Waterworks	\$27.58	\$137.90
11	8" lug and gland kit	Ferguson Waterworks	\$38.05	\$418.55
100	Brass wedges	Ferguson Waterworks	\$0.30	\$30.00
8	3/4" duc lug	Ferguson Waterworks	\$2.40	\$19.20
4	3/4"x6' all threaded rod	Ferguson Waterworks	\$6.90	\$27.60
250	tons of type 2a stone for bedding	T.J. Clement Const.	\$9.00	\$2,250.00
3	cubic yard of Class A concrete for thrust blocks	Drum Ready Mix	\$78.50	\$235.50
1	Engineering and permitting	GYMO	\$12,000.00	\$12,000.00
1	meetings (Town, County, State) & apply for right of ways.	James Lettiere Jr.	\$2,000.00	\$2,000.00
1	Erosion control (rock check Dam and silt fence if needed)	Syracuse Utilities	\$1,000.00	\$1,000.00
1	labor, equipment traffic control, restoration of driveways and lawns	Syracuse Utilities	\$23,340.00	\$23,340.00
1	supervision testing, chlorination and consulting	James Lettiere Jr.	\$6,000.00	\$6,000.00
1	Legal fees	Brown Dierdorff	\$300.00	\$300.00

expences \$59,495.61
 5% contingency \$2,974.78
 7.75% sales tax \$4,841.46
Total Projection: \$67,311.85

Estimate of materials & labor to Install approximately 1400 feet of 8" ductile iron water main on CR#65 Ives St Rd.

rev. 03/18/10

Qty	Description	Vendor	Cost Ea	Total
1400	lin. Ft. of CL52 ductile iron pipe	Ferguson Waterworks	\$17.83	\$24,960.60
1	8" sleeve cupling	Ferguson Waterworks	\$91.23	\$91.23
2	8" 45 deg Elbow	Ferguson Waterworks	\$141.04	\$282.08
3	8" gate vales	Ferguson Waterworks	\$708.26	\$2,124.78
3	6" gate vale	Ferguson Waterworks	\$444.69	\$1,334.07
6	Gate boxes	Ferguson Waterworks	\$112.33	\$673.98
2	8"x 6" ductile iron Tee	Ferguson Waterworks	\$197.83	\$395.66
3	Fire Hydrants	Ferguson Waterworks	\$1,575.02	\$4,725.06
2	6"x 72" hydrant retaining adapter	Ferguson Waterworks	\$260.90	\$521.80
15	6" lug and gland kit	Ferguson Waterworks	\$27.58	\$413.70
14	8" lug and gland kit	Ferguson Waterworks	\$38.05	\$532.70
200	Brass wedges	Ferguson Waterworks	\$0.30	\$60.00
24	3/4" duc lug	Ferguson Waterworks	\$2.40	\$57.60
12	3/4"x6' all threaded rod	Ferguson Waterworks	\$6.90	\$82.80
750	tons of type 2a stone for bedding	T.J. Clement Const.	\$9.00	\$6,750.00
9	cubic yard of Class A concrete for thrust blocks	Drum Ready Mix	\$78.50	\$706.50
1	Engineering and permitting	GYMO	\$12,000.00	\$12,000.00
1	meetings (Town, County, State) & apply for right of ways.	James Lettiere Jr.	\$2,000.00	\$2,000.00
1	Erosion control (rock check Dam and silt fence if needed)	Syracuse Utilities	\$1,000.00	\$1,000.00
1	labor, equipment traffic control, restoration of driveways and lawns	Syracuse Utilities	\$71,620.00	\$71,620.00
1	supervision testing, chlorination and consulting	James Lettiere Jr.	\$9,000.00	\$9,000.00
1	Legal fees	Brown Dierdorff	\$400.00	\$400.00

expences	\$139,732.56
5% contingency	\$6,986.63
7.75% sales tax	\$11,370.74
Total Projection:	\$158,089.93

Southside Water Inc.

16115 Heaslip Ln
Clayton NY 13624
Phone: (315) 686-4135
Fax:(315) 285-4417
Cell (315) 486-7937
Email: jimlettiere@twcnny.rr.com

August 28, 2009

TO: Southside Water Customers
FROM: James V. Lettiere Jr. (Director-operator Southside Water Inc.)
Re: Explanation of Billing Charges

Below you will find a list of charges appearing on your water bill and what each pertains to. Due to soft wear constraints and limited space on the billing statement the company has abbreviated each of the following charges:

- 1) **CTYRATEAJ** : (City Rate Adjustment) This charge was first added to your bill in August 2006. This is an adjustment in your rate that is applied to allow the company to recuperate raises in the cost of water purchased from the City of Watertown this is calculated by the New York State Public service commission and filed each time the City's Rates Change. At the present Time each customer is charged .4391 cents per 100 cubic feet of water used. This charge will remain indefinitely and will be adjusted each time the city adjust their rates or when a new rate case is filed with the Public Service Commission.
- 2) **MASTMETADJ** : (City Rate Adjustment) This charge was first added to your bill in February 2007. This is an adjustment in your rate that is applied to allow the company to recuperate cost of water purchased from the city of Watertown Due to the fact the companies rates were set based on an old meter the City had in the master pit owned by the company this meter was under registering thus the company was selling more water than it was buying. When the City replaced this meter The public service commission monitored it for approximately one year and found the company to be selling the same amount of water it purchased and made this charge adjustment in the rates this is calculated by the New York State Public service commission. At the present Time each customer is charged .44 cents per 100 cubic feet of water used. This charge will remain until a new rate case is filed with the Public Service Commission.

- 3) **MTREPLACE** : (Meter Replacement) At the present Time each customer is charged \$10.68 per quarter This charge was first added to your bill in November 2006 and remain for the life of the loan . The maturity date on this loan is July 2011. This money is placed In an escrow account and audited in January of each calendar year by the New York State Public Service Commission. The funds are used to make payments on a five year loan that was used to replace all of the meters in the system over 10 years of age. This was required by the NYSDEC (New York State Department of Environmental Conservation) as a condition in the companies water supply permit and covered in NYS Public service commission (16NYCRR, Part 500) Public Service law.
- 4) **REPAIR_ESQ** : (Repair Escrow) At the present time each customer is charged \$25.85 per quarter This charge was first added to your bill in August 2004 and appears on your bill when the company needs to replenish the repair escrow account. In 2004, the Commission granted approval to establish an escrow account of \$5,520, to provide the company funds for future capital improvements and extraordinary repairs. The most recent repair was done on the corner of Birch Lane and Orchard drive. This drained most of the repair escrow account. I expect it to be replenished after the next billing cycle. This account is audited in January of each year by the Public Service Commission.

You may also visit the Public service web site or use the following web addresses to view documents regarding the charges listed on your bill:

<http://documents.dps.state.ny.us/public/Common/SearchResults.aspx?MC=1&CN=4422>

<http://documents.dps.state.ny.us/public/MatterManagement/CaseMaster.aspx?MatterSeq=22729>

RESPECTFULLY

James V. Lettiere Jr.
(Operator-Director)

Southside Water Inc.

16115 Heaslip Ln

Clayton NY 13624

Phone: (315) 686-4135

Fax:(315) 285-4417 Cell (315) 486-7937

Email: jimlettiere@twcny.rr.com

Proposed Tariff Changes

1). The company request that the charge for late payment of bills be a flat 10% per billing over 23 days late and compounded annually. I realize that the way the company charges now 1 ½% monthly works out to 18% annually however If a customer does not pay the bill service would likely be terminated in 60 to 90 days from the bill date. This would also be consistent with what the City and Town charge customers and would encourage customers to pay in a timely fashion.

2). The company requests a change to the tariff which allows a charge of \$150.00 turn off and \$150.00 turn on. This is now addressed in our current tariff however it is only for turn offs and it is set at \$25.00 this has been the charge for over 50 years and does not reflect the true cost of doing bassness. It takes a minimum of 3 hours to drive to the system turn the customer off and drive back to the companies office. In the event the gate is damaged or difficult to locate this can turn into a 2 day task. I would like to point out some of the companies customers go south in the winter. It becomes very difficult at best to find the curb stop when it is under several feet of snow and Ice.

3). The company request to add a Final Read & Account Setup charge to the companies tariff, when a real estate sale takes place our office is located approximately 30 miles from the system & I find it takes average 3 Hours to travel to Watertown retrieve a final read & fax a final bill to the attorney representing the sale. Then we have to follow up with the new buyer's attorney involved in the sale to have a water agreement signed & set the new user up in our system. The fees the company request are as follows:

- 1) Final read charge _____ \$75.00
- 2) Account setup charge _____ \$25.00

This would allow the cost of changing customers within the system to be charged to the costumers creating the expense to the system.

Southside Water Inc.
Comparative Income Statement

	Actual Figures			Forecast Changes*	Figures
	Nov.2005-Oct.2006 Year 1	Nov.2006-Oct.2007 Year 2	Nov.2007-Oct.2008 3 (Base Year)		Rate Year
			(a)	(b)	(c = a + b)
1 Gross Operating Revenue:	\$61,574.22	\$70,240.35	\$73,389.63	\$65,000.00	\$138,389.63
2 Meter escrow collected	\$4,272.00	\$4,272.00	\$4,272.00		\$4,272.00
3 repair escrow collected	\$5,445.21	\$561.60	\$4,940.25		\$4,940.25
4 Gross Operating Revenue- escrow collected (lines 2 and 3)	\$51,857.01	\$65,406.75	\$64,177.38	\$65,000.00	\$129,177.38
5 Supplies:	\$615.55	\$852.20	\$1,098.43		\$1,098.43
6 O & M Expenses					
7 Officer's Salary:	\$0.00	\$0.00	\$0.00		\$0.00
8 Book keeper & Billing Salary	\$3,000.00	\$3,526.73	\$3,900.00	\$9,000.00	\$12,900.00
9 Operator's Salary:	\$3,000.00	\$3,526.73	\$3,900.00	\$35,000.00	\$38,900.00
10 Materials: purchased water:	\$30,476.70	\$32,718.82	\$32,013.27		\$32,013.27
11 Office Expenses:	\$735.09	\$836.29	\$504.07	\$9,500.00	\$10,004.07
12 Dues and subscription	\$670.00	\$664.00	\$655.00	\$25.00	\$680.00
13 Bank service charges:	\$150.00	\$150.00	\$87.50		\$87.50
14 Purification Chemicals:	\$0.00	\$0.00	\$0.00	\$100.00	\$100.00
15 Transportation: Auto	\$5,200.73	\$6,235.04	\$6,326.48	\$3,000.00	\$9,326.48
16 Meter Reading:	\$800.00	\$800.00	\$800.00	\$400.00	\$1,200.00
17 Insurance:	\$1,974.39	\$1,268.33	\$2,204.13	\$100.00	\$2,304.13

18	Repairs:	\$696.37	\$4,371.92	\$575.49	\$1,000.00	\$1,575.49
19	Accounting:	\$1,741.00	\$1,384.00	\$1,468.75	\$150.00	\$1,618.75
20	Professional Fees:	\$925.50	\$220.00	\$0.00		\$0.00
21	Water Testing:	\$0.00	\$0.00	\$350.00	\$50.00	\$400.00
22	Rate Case Expenses:				\$2,000.00	\$2,000.00
23	Postage:	\$541.31	\$344.00	\$485.80	\$121.00	\$606.80
24	Computer:	\$172.12	\$0.00	\$237.03	\$1,500.00	\$1,737.03
25	Telephone:	\$2,247.75	\$2,128.78	\$2,391.89	\$720.00	\$3,111.89
26	Training:	\$0.00	\$90.00	\$0.00	\$200.00	\$200.00
27	Misc. (Uncoll's etc.):					\$0.00
28	Total O&M Expenses: (Lines 5 through 27)	\$52,946.51	\$59,116.84	\$56,997.84	\$62,866.00	\$119,863.84
29	Amortization:					\$0.00
30	Depreciation:	\$1,400.00	\$1,400.00	\$1,400.00		\$1,400.00
31	Property Taxes:	\$3,812.38	\$4,234.66	\$4,146.69		\$4,146.69
32	Revenue Taxes:	\$100.00	\$201.13	\$200.00	\$180.00	\$380.00
33	MTA Taxes:					\$0.00
34	Payroll Taxes:	\$515.40	\$789.16	\$873.36	\$4,700.00	\$5,573.36
35	PSC Assessment	\$112.22	\$121.93	\$144.60	\$300.00	\$444.60
36	Federal Income Taxes:					\$0.00
37	Other Taxes: (State)					\$0.00
38	Total Deductions (Lines 30 through 37)	\$58,886.51	\$65,863.72	\$63,762.49	\$68,046.00	\$131,808.49
39	Utility Operating Income - Profit (Line 4- Line 38)	-\$7,029.50	-\$456.97	\$414.89	-\$3,046.00	-\$2,631.11
40	Rate Base:	\$30,140.00	\$27,848.00	\$27,848.00	\$36,475.00	\$64,323.00
41	Rate Of Return: (Line 38/ Line40)	-23.32%	-1.64%	1.49%		-4.09%

Southside Water Inc.

16115 Heaslip Ln

Clayton NY 13624

Phone: (315) 686-4135

Fax:(315) 285-4417 Cell (315) 486-7937

Email: jimlettiere@twcny.rr.co

Rate Request as shown on Income Statement

A (Line No. 8) Book Keeper salary

The companies secretary-bookkeeper has asked for a \$9,000 increase in her annual salary. The book keeper uses her vehicle as transportation to and from the bank and post office and the company does not cover vehicle expenses while working for the corporation. She spends approx 15 hours per week performing company duties to include; Answering calls, answering customer questions checking Dig Safely faxes and Locating me when necessary. She is responsible for all of companies operations in my absence. I would like to point out that someone is required to be on call 24 hrs 7 days a week if you take 52 weeks a year that I am working 5 days a week 8 hrs each day that means I must have someone on call 260 days per year that I can not be present all of the time, at \$35.00 per day this is equates to \$9100.00 per year for call in time.

B (Line No. 9) Operators salary

Attached you will find a letter outlining some of my responsibilities to the corporation. (Found in the Supporting Documents Section) I would like to point out that the company has not met the wage requirements forecasted in its last rate case. Some months myself (operator) and my secretary have had to forgo pay to insure the City water bill or the taxes are paid. I recently attended a training session sponsored by the NYS Health Dept. It was brought to my attention that the company should have a back up operator that has been trained as to the daily operations and location of all the lines and the operation of any equipment owned by the corporation. If something was to happen to me right now and their was a catastrophic event the people of this system would be left in a very bad situation. I would also Point out that the current salary received by me is less than the amount allowed in the rates back in the 1970s.

C (Line No. 11) Office Expense

The company request that there be an allowance for office rent. At present the company is located in my home however it has never payed rent for such space it uses a 9'x9' room in my home for book keeping, and filing at the rate of \$10.00 per square foot rent this equates to \$810.00 per month. The company also occupies space in two storage trailers, a shed and a parcel of land owned by its operator.

Rate Request Continued

D (Line No. 12) Dues and Subscriptions

The company request \$50.00 be added to the current actual expenses in this line for inflation.

E (Line No. 14) Purification Chemicals

The Company Requested \$100.00 for the purchase of a Chlorine Test Kit. This amount was allowed in the last rate case however finances have not allowed this to happen.

F (Line No. 15) Transportation - Auto

I have added \$3,000.00 to this line to allow for fuel and maintenance I now pay out of pocket The company vehicle consumes approximately 6 gallons of fuel commuting to and from the system at least 3 time per week plus maintenance, at \$2.50 per gallon this equates to \$2340.00 for fuel alone. It is approx 60 miles round trip to and from the system.

G (Line No. 16) Meter reading

I have added \$400.00 to this line. The company meter reader has requested an increase in service charge due to cost of living and fuel. I would like to say that to achieve all of the reads in the November reading and the February reading many times requires the readers to clear snow from walks or walk through snow several feet deep to reach the read device on the house.

H (Line No. 17) Insurance

I have added \$100.00 to this line. Insurance has shown an average of 5% increase in cost for the past three years. last year the company paid \$2,300.00.

I (Line No. 18) Repairs

I have added \$1,000.00 to this line to The last rate case allowed for \$1,000.00 however did not allow for supplies such as flags, road paint, (show in Line 5 on the income statement) if you add the two together you will find the average year this has cost the company Approx. \$1500.00.

J (Line No. 19) Accounting

The company request the commission allow and additional \$150.00 The average rate increases for accounting has been about \$100.00 per year. This should allow for increases over the next 3 years.

Rate Request Continued

K (Line No. 21) Water testing

The company is requesting that \$400.00 be allowed in the rates for testing. Since the last rate case the USEPA has requested I test for Disinfection byproducts this cost \$350.00 per test and so far it has been required Once a year. I added \$50.00 to allow for fuel, Ice and a cooler because the samples must be kept refrigerated or as close to the sample temperature during transport I have a letter from the USEPA stating failure to comply with this test will result in heavy fines and or Jail time.

L (Line No. 22) Rate Case Expense

The company is requesting and additional \$2,000.00 be calculated in the rate. This was estimated based on the last rate case allowing for additional postage, Shipping, Printing, travel and time spent preparing documents and conferencing with PSC representatives. The printing estimate from Staples Office Supply for 5 copies of the case submission was \$240.08 (The receipt for the printing can be found in the Documents section)

M (Line No.23) Postage

The company is requesting and additional \$121.00 be calculated in the rate. This allows for some forecasted postage increases. This is an estimate based on a compromise between the last rate allowance of \$728.00 and the actual 2008 year expense.

N (Line No. 24) Computer

The company has requested an additional \$1500.00. The additional funds I am requesting would allow for software and equipment updates or upgrades as needed.

O (Line No. 25) TELEPHONE

The company request an additional \$720.00 be calculated into the rate for Internet connection This would be a 50/50 split with my personal cable internet bill. As per the letter attached New York State has made almost everything electronic. The company also uses the internet to refer to NYSPSC rate cases and communicating with customers as required. We use the internet to receive payroll statements, training, purchasing and filing of sales tax returns.

Rate Request Continued

P (Line No. 26) Training

The company request an additional \$200.00 be calculated into the rate for training. The NYS Health Dept. requires The company have a licenced operator on staff. The company at this time has a very poor cash flow and shows a negative rate of return at this time, therefore training such as Water Certification Credit hours and safety have been limited at best and financially impossible.

Q (Line No. 32) Revenue Taxes

The company request an additional \$150.00 be calculated into the rate. This is an estimate based on the corporations income now and what I am proposing.

R (Line No. 34) Payroll Taxes

The company request an additional \$4700.00 be calculated into the rate for Payroll Taxes. This is an estimated payroll expense based on the proposed wages. And the existing amounts the company pays.

S) (Line No. 35) PSC Assessment

The company is requesting an additional \$300.00 This is an estimate based on the corporations income now, and the rates proposed.

T) (Line No. 40) Rate Base

The company is requesting an additional \$36,475.00 be added to its rate base. In 2008 The company used a 2005 pickup truck with an equity of \$19235.00 owned by its operator as a trade in for a new 2008 ½ ton pickup truck with a total value of \$36,475.00.

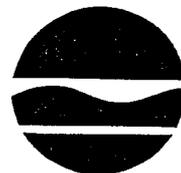
New York State Department of Environmental Conservation

Division of Environmental Permits, Region 6

Dulles State Office Building, 317 Washington Street, Watertown, New York 13601-3787

Phone: (315) 785-2245 • FAX: (315) 785-2242

Website: www.dec.state.ny.us



Erin M. Crotty
Commissioner

March 1, 2005

LETTIERE WATER COMPANY

Attn: Mr. James V. Lettiere

16115 Heaslip Lane

Clayton, NY 13624

RE: DEC PERMIT NO. 6-2258-00063/00003
WSA NO. 10653

Dear Mr. Lettiere:

Enclosed is your permit for construction and operation of a water supply as proposed in the application for permit under the Environmental Conservation Law, Title 15.

It is essential that you give particular attention to the General and Special Conditions starting on page 2.

If you have any questions concerning this permit, please feel free to contact me.

Sincerely,

Brian D. Fenlon
Supervisor of Environmental Permits
Region 6

BDF:sgs
Enclosure

cc: Al Ash
Gary Pilon
Michael Holt
Mike Montysko, NYSDOH, Troy
Public Service Commission, Water Rates Section
Robert J. Sands
Steve Powers
Steven R. Botsford
Supv. Joel Bartlett, (T) Watertown



PERMIT
Under the Environmental Conservation Law (ECL)

Permittee and Facility Information

Permit Issued To:
JAMES V LETTIERE
16115 HEASLIP LANE

CLAYTON, NY 13624
(315) 686-4135

Facility:
LETTIERE WATER COMPANY
SUNSET RIDGE EXTENSION & IVES STREET
ROAD
WATERTOWN, NY 13601

Facility Location: in WATERTOWN in JEFFERSON COUNTY
Facility Principal Reference Point: NYTM-E: 425.3 NYTM-N: 4867
Project Location: Sunset Ridge Extension & Ives Street Road, Watertown(T), Jefferson County

Authorized Activity: Extend the existing water distribution system currently serving the Lettiere Tract Subdivision to serve a total of 121 lots, as shown on the map "Water System Boundary" prepared by GYMO and dated 6/29/04, and take a total water supply of up to 23,460 gpd, annual average, through a connection to the existing facilities of the City of Watertown.

Permit Authorizations

Water Supply - Under Article 15, Title 15

Permit ID 6-2258-00063/00003 (WSA No. 10653)

New Permit

Effective Date: 2/25/2005

Expiration Date: No Exp. Date

NYSDEC Approval

By acceptance of this permit, the permittee agrees that the permit is contingent upon strict compliance with the ECL, all applicable regulations, and all conditions included as part of this permit.

Permit Administrator: BRIAN D FENLON, Regional Permit Administrator
Address: NYSDEC REGION 6 HEADQUARTERS
STATE OFFICE BUILDING|317 WASHINGTON ST
WATERTOWN, NY 13601

Authorized Signature: Brian D Fenlon

Date 2/25/2005

Distribution List

ALBERT W ASH
GARY PILON
MICHAEL D HOLT



NYS DEPT OF HEALTH - WATER SUPPLY
NYS DEPT OF PUBLIC SERVICE
ROBERT J SANDS
STEVE POWERS
STEVEN R BOTSFORD
TOWN OF WATERTOWN

Permit Components

WATER SUPPLY

GENERAL CONDITIONS, APPLY TO ALL AUTHORIZED PERMITS

NOTIFICATION OF OTHER PERMITTEE OBLIGATIONS

WATER SUPPLY PERMIT CONDITIONS

- 1. Transfer of Ownership of Water Supply Systems** A new water supply permit application is required for the acquisition or condemnation of an existing water supply system.
- 2. No Permit Transfer Without New Approval** The authority granted by this permit to JAMES V LETTIERE may not be transferred to any other individual, firm, co-partnership, association, corporation, or public corporation. Should the permittee propose to transfer to others the ownership of the water supply and distribution facilities authorized herein, the prospective new owner must submit an application to

Regional Permit Administrator
NYSDEC REGION 6 HEADQUARTERS
STATE OFFICE BUILDING|317 WASHINGTON ST
WATERTOWN, NY13601

for a new permit.
- 3. No Distribution Beyond District Without Approval** Nothing contained herein shall authorize the permittee to distribute water to any other district or service area that has not already been approved by the department or its predecessors without first obtaining a further permit from the department.
- 4. Submission of Plans and Specifications** Prior to starting work on any construction authorized herein, detailed plans of the structures proposed to be built and specifications for such work shall have been submitted to and approved by the department. Thereafter such construction work shall be entirely completed in full accordance with the plans and specifications which have been submitted and approved. **Note:** Approval by this department of final plans and specifications, and of completed works, will not be issued until equivalent approvals have been issued by the NYS Department of Health.
- 5. Final Approval of Work** Section 15-1529 of the Environmental Conservation Law forbids the operation of any of these works until, as constructed, they have been approved by the department. Such final approval will be given only on written request. In general, such approval will not be given until all provisions affecting quality of the water and safety of the works have been complied with in full.



6. Right to Rescind The department reserves the right to rescind this permit or to take whatever action it may deem suitable and proper if the works authorized to be constructed herein are not initiated by February 28, 2007.

7. Minimize Erosion During any construction directly or indirectly associated with the activities authorized herein, the permittee shall make provisions to minimize erosion on the construction site and to prevent increased sedimentation in any water body on or adjacent to the site.

8. Disinfection of Water Mains The permittee shall ensure that water used for disinfecting water mains, if discharged to area streams, has a free chlorine residual not exceeding 0.05 milligrams per liter (mg/l) at the point of discharge.

9. Disconnection of Private Wells The permittee, upon providing service under the terms of this permit to any property that is already supplied by a separate well located on said property, shall protect the public water supply system from existing or potential contamination by either:

- a. requiring that such well be abandoned and disconnected from the potable water piping system; or
- b. containing any contamination within the premises said property by means of compliance with the provisions of Section 5-1.31 of the State Sanitary Code.

In any such case, the measures proposed to be taken by the permittee shall be submitted to and approved by the NYS Department of Health (NYSDOH).

10. Treatment Before Distribution Nothing contained in this permit shall authorize the permittee to supply, sell or distribute, for any purpose, water from any source approved herein unless all such water is first treated in a manner satisfactory to the NYS Department of Health (NYSDOH).

11. Additional Treatment in Future The department reserves the right to require the taking of further sanitary precautions or the further treatment of the water from any source approved herein should future conditions cause the NYS Department of Health (NYSDOH) to specify such action.

12. Meters Required on All Sources and Customers The permittee must maintain meters on all sources of supply used in the system and on all customer service connections supplied by the system.

13. Meter Calibration for Privately Owned Systems The permittee must periodically calibrate all of its water meters, including source meters, in accordance with applicable regulations of the NYS Public Service Commission (16 NYCRR, Part 500).

14. Conduct Water Audits The permittee must maintain records of annual metered water production and consumption, and, at least once annually, must conduct a system water audit that utilizes metered production and consumption data to determine unaccounted-for water.

15. Leak Detection and Repair Program The permittee shall continue the existing leak detection and repair efforts described in the Water Conservation Program Form signed by James V. Lettiere on July 13, 2004 and submitted as part of Water Supply Application No. 10653. Whenever two consecutive annual water audits shall show that unaccounted-for water exceeds 15% of system production, a leak detection and repair program using sonic detection equipment to cover the entire system in a systematic fashion must be developed and implemented.

16. Permittee Must Maintain Records The permittee must retain records of production and



consumption, reports of audit results, and summaries of leaks detected and repaired for at least ten years. The permittee must provide copies of such of these records, reports, and summaries as might be requested in writing by the department within one month of receiving such a request.

GENERAL CONDITIONS - Apply to ALL Authorized Permits:

1. Facility Inspection by The Department The permitted site or facility, including relevant records, is subject to inspection at reasonable hours and intervals by an authorized representative of the Department of Environmental Conservation (the Department) to determine whether the permittee is complying with this permit and the ECL. Such representative may order the work suspended pursuant to ECL 71- 0301 and SAPA 401(3).

The permittee shall provide a person to accompany the Department's representative during an inspection to the permit area when requested by the Department.

A copy of this permit, including all referenced maps, drawings and special conditions, must be available for inspection by the Department at all times at the project site or facility. Failure to produce a copy of the permit upon request by a Department representative is a violation of this permit.

2. Relationship of this Permit to Other Department Orders and Determinations Unless expressly provided for by the Department, issuance of this permit does not modify, supersede or rescind any order or determination previously issued by the Department or any of the terms, conditions or requirements contained in such order or determination.

3. Applications For Permit Renewals, Modifications or Transfers The permittee must submit a separate written application to the Department for permit renewal, modification or transfer of this permit. Such application must include any forms or supplemental information the Department requires. Any renewal, modification or transfer granted by the Department must be in writing. Submission of applications for permit renewal, modification or transfer are to be submitted to:

Regional Permit Administrator
NYSDEC REGION 6 HEADQUARTERS
STATE OFFICE BUILDING|317 WASHINGTON ST
WATERTOWN, NY13601

4. Permit Modifications, Suspensions and Revocations by the Department The Department reserves the right to modify, suspend or revoke this permit. The grounds for modification, suspension or revocation include:

- a. materially false or inaccurate statements in the permit application or supporting papers;
- b. failure by the permittee to comply with any terms or conditions of the permit;
- c. exceeding the scope of the project as described in the permit application;
- d. newly discovered material information or a material change in environmental conditions, relevant technology or applicable law or regulations since the issuance of the existing permit;
- e. noncompliance with previously issued permit conditions, orders of the commissioner, any



provisions of the Environmental Conservation Law or regulations of the Department related to the permitted activity.

5. Permit Transfer Permits are transferrable unless specifically prohibited by statute, regulation or another permit condition. Applications for permit transfer should be submitted prior to actual transfer of ownership.

NOTIFICATION OF OTHER PERMITTEE OBLIGATIONS

Item A: Permittee Accepts Legal Responsibility and Agrees to Indemnification

The permittee expressly agrees to indemnify and hold harmless the Department of Environmental Conservation of the State of New York, its representatives, employees, and agents ("DEC") for all claims, suits, actions, and damages, to the extent attributable to the permittee's acts or omissions in connection with the permittee's undertaking of activities in connection with, or operation and maintenance of, the facility or facilities authorized by the permit whether in compliance or not in compliance with the terms and conditions of the permit. This indemnification does not extend to any claims, suits, actions, or damages to the extent attributable to DEC's own negligent or intentional acts or omissions, or to any claims, suits, or actions naming the DEC and arising under Article 78 of the New York Civil Practice Laws and Rules or any citizen suit or civil rights provision under federal or state laws.

Item B: Permittee's Contractors to Comply with Permit

The permittee is responsible for informing its independent contractors, employees, agents and assigns of their responsibility to comply with this permit, including all special conditions while acting as the permittees agent with respect to the permitted activities, and such persons shall be subject to the same sanctions for violations of the Environmental Conservation Law as those prescribed for the permittee.

Item C: Permittee Responsible for Obtaining Other Required Permits

The permittee is responsible for obtaining any other permits, approvals, lands, easements and rights-of-way that may be required to carry out the activities that are authorized by this permit.

Item D: No Right to Trespass or Interfere with Riparian Rights

This permit does not convey to the permittee any right to trespass upon the lands or interfere with the riparian rights of others in order to perform the permitted work nor does it authorize the impairment of any rights, title, or interest in real or personal property held or vested in a person not a party to the permit.

Southside Water Inc.

16115 Heaslip Lane; Clayton, NY 13624

315-686-4135

Account No	Service from	Service to	Due Date
35	11/16/2009	02/15/2010	03/05/2010

Service Add: 19356 Woodside Drive; Watertown, NY 13601

Read Date	Previous	Current	Method	Usage
02/04/2010	22900	24790	HANDHELD	1,890

Chg Item	Discount	Current	Penalty	Arrears
WATER		137.48		
CITYRATEAJ		8.30		
MASTMETADJ		8.32		
REPAIR_ESQ		7.42		

Subtotal	Credits	Payments	Amount Due
\$161.52			\$161.52

Pay Late Amount of: \$163.81 after 03/05/2010

1.5% per month due on late payments

Please return this stub with payment

Due Date	Amount Due
03/05/2010	\$161.52

If Late Pay: \$163.81

Account No: 35

Patrick & Gina Boulter
19356 Woodside Drive
Watertown, NY 13601

April 8, 2010

To: The Honorable Mayor and City Council
From: Kenneth A. Mix, Planning and Community Development Coordinator
Subject: Park Rules

Attached is the most recent draft of proposed rules for City owned parks and recreational areas for City Council's review and discussion on April 12, 2010. There are still several decisions to be made. Notes with explanations, options and questions are italicized.

The current Chapter 216 of the City Code which contains the park rules is attached for comparison. I have also attached copies of the other chapters and sections of the City Code that are referenced in the park rules.

Proposed Amendments to the City Code for Parks and Recreational Areas – 4/08/10

Chapter 216: PARKS AND RECREATIONAL AREAS

ARTICLE I General Provisions

§216-1. Enumeration of parks and recreational areas.

The rules set forth in this chapter apply to the following parks and recreational areas:

Academy Street Playground
Alex T. Duffy Fairgrounds
Bicentennial Park
Cosgrove Street Field
Emerson Place Playground
Factory Square Park
Fairgrounds Trail
Hamilton Street Playground
Jefferson Street Playground
John C. Thompson Park
Kostyk Field
Lansingdorp Park
Marble Street Park
North Elementary Fields
Portage Street Playground
Route 3 Handicap Fishing and Boating Access
Taylor Playground
Thompson Street Playground
Veterans' Memorial Riverwalk
Waterworks Park
Whitewater Park
Wight Drive and Temple Street Park

Note: The boundaries of these parks and recreational areas need to be described somewhere.

§216-2. Driving and parking of vehicles.

- A. No person shall operate any motor vehicle, as defined in New York State Vehicle and Traffic Law § 125, as the same may be amended from time to time, within any park or recreational area, other than on asphalt or stone drives, unless authorized by the City Manager.
- B. No person shall operate any limited use vehicle, snowmobile or all-terrain vehicle, as defined in New York State Vehicle and Traffic Law §§ 121-c, 2221 or 2281, as the same may be amended from time to time, within any park or recreational area.
- C. No person shall park any motor vehicle other than in a designated parking area, unless authorized by the City Manager.

§216-3. Closing hours.

A. All parks and recreational areas shall be closed to the public from thirty (30) minutes after sunset to thirty (30) minutes before sunrise, except as listed below. No person shall be within the boundaries of such parks and recreational areas between said hours unless authorized by the City Manager.

Note: The closing hours could be set times, which would be easier to understand. However, using sunset/sunrise recognizes that there is vast difference in daylight hours as the year progresses. It is usually light 30 minutes before sunrise and 30 minutes after sunset.

B. Closing hours do not apply to the following:

- (1) Members and guests of the Watertown Golf Club, Inc. in Thompson Park for the purpose of going to and from the golf course.

Note: The Golf Club exception is in the current ordinance. Other exceptions to consider are:

- (1) Alex T. Duffy Fairgrounds.*
- (2) Attendance of Zoo functions in Thompson Park.*
- (3) Attendance of community events.*
- (4) Participants and spectators for ball playing under lit fields.*
- (5) The lower deck in Whitewater Park directly behind 497 Newell Street.*

§216-4. Injury or damage to plants or property.

No person shall damage, injure, remove or destroy any grass, shrubbery, plants, trees, signs, buildings, improvements or other property within any park or recreational area.

§216-5. Glass containers.

No person shall possess, deliver or use any type of glass container within any park or recreational area.

§216-6. Alcoholic beverages.

Consumption of alcoholic beverages within any park or recreational area shall be governed by City Code Chapter 75, as the same may be amended from time to time.

- Note: Options:*
- 1. Continue to permit pursuant to Chapter 75. (Chapter 75 may need updating to clarify who will be issuing permits.)*
 - 2. Allow alcoholic beverages in all parks and recreational areas without a permit, perhaps with some limitations.*
 - 3. Allow alcoholic beverages in some parks or portions thereof without a permit.*

§216-7. Smoking.

- Note: Options:*
1. *Allow smoking in all outdoor areas of parks and recreational areas.*
 2. *Allow smoking in some parks and recreational areas.*
 3. *Prohibit smoking in all parks and recreational areas.*
 4. *Prohibit smoking in all parks and recreational areas, except in designated smoking areas.*

§216-8. Rubbish.

- A. All rubbish, as defined at City Code § 161-1.1, created from an activity with any park or recreational area shall be properly disposed of in trash receptacles provided or taken away for proper disposal.

Note: Should large event organizers be required to provide a dumpster? A take-in/ take-out policy could be implemented for everyone by not providing trash cans.

- B. It is prohibited to throw rubbish onto the ground or into the river.
- C. It is also prohibited to bring rubbish into any park or recreational area that is not generated by activities in the park or recreational area for the purposes of disposing of it.

§216-9. Open Fires.

Open fires are prohibited, except within the confines of cooking grills, if provided, within any park or recreational area.

§216-10. Bicycles.

No person shall operate a bicycle in any park or recreational area, except on a roadway or designated bicycle path in accordance with the rules in Chapter 91 of the City Code.

Note: Chapter 91 needs to be updated.

§216-11. Fishing.

- A. Fishing is permitted in the following parks and recreational areas: Marble Street Park, Waterworks Park, Factory Square Park, Whitewater Park, Veterans' Memorial Riverwalk, Bicentennial Park, Fairground Trail, and the Route 3 Handicap Fishing and Boating Access.
- B. Fish shall not be cleaned within any park or recreational area. No dead fish or remains thereof shall be left on any park or recreational area property or discarded in the river.

§216-12. Boats.

- A. Non- motorized boats or other flotation devices may be launched or put into the river within designated areas at the following parks and recreational areas: Marble Street Park, Waterworks Park, Factory Square Park, Whitewater Park, Bicentennial Park and the Route 3 Handicap Fishing and Boating Access.
- B. Boats or other flotation devices shall not be launched at any other public park or recreational area along the river.

§216-13. Swimming.

Swimming is prohibited in the Black River at all parks and recreational areas.

§216-14. Ball Playing.

Ball playing is prohibited in Lansingdorp Park, and Wight Drive and Temple Street Park.

Note: This is in the existing Code. Ball playing in these areas must have been considered a problem when it was added in 1979.

§216-15. Concessions.

Note: Is there a need to regulate mobile concessionaires in parks?

§216-16. Dogs.

Dogs shall be regulated pursuant to Chapter 81 of the City Code.

Note: Is there a need to regulate dogs beyond the requirements of Chapter 81?

§216-17. Noise.

Noise shall be regulated pursuant to Chapter 205 of the City Code.

Note: Chapter 205 needs to be updated.

§216-18. Enforcement.

This Chapter shall be enforced by the City of Watertown Police Department.

§216-19. Penalties for offenses.

Any person, firm or corporation violating any provision of this chapter shall, upon conviction, be subject to a fine of not less than \$50 nor more than \$250. Each day of a continued violation is a separate and distinct offense.

CHAPTER 216 PARKS AND PLAYGROUNDS

[HISTORY: Adopted by the City Council of the City of Watertown as Ch. 20 of the 1949 Code. Amendments noted where applicable.]

GENERAL REFERENCES

Alcoholic beverages — See Ch. 75.

Vehicles and traffic — See Ch. 293.

Zoning — See Ch. 310.

ARTICLE I Thompson Park (§ 216-1 — § 216-5)**§ 216-1 Driving and parking of vehicles.**

No person shall drive, ride or park any vehicle in the John C. Thompson Park at any place therein other than upon a paved highway or roadway.

§ 216-2 Closing hours.

[Amended 8-13-1984]

The John C. Thompson Park is closed to the public from 9:00 p.m. until 7:00 a.m., and no person shall be within the boundaries of such park between such hours, except members and guests of the Watertown Golf Club, Inc.

§ 216-3 (Reserved)

Editor's Note: Former § 216-3, Concessions, was repealed 12-5-2005.

§ 216-4 Injury or damage to plants or property.

No person shall damage, injure, remove or destroy any grass, shrubbery, plants, trees, signs, buildings, improvements or other property in the John C. Thompson Park.

§ 216-5 Prohibited parking.

[Amended 7-28-1970; 5-12-1986]

Parking is prohibited at all times on all streets and roads, except those areas designated by the shaded areas on the attached map of Thompson Park which is made a part hereof.

Editor's Note: The map of Thompson Park is on file in the office of the City Clerk.

This does not apply to special events that have been approved by the City Council for the use of Thompson Park. In such events, no-parking areas will be temporarily designated by the City of Watertown Police Department.

ARTICLE II General Provisions (§ 216-6 — § 216-8)**§ 216-6 Ballplaying.**

[Added 5-21-1979]

A.

Ballplaying in the area of Lansingdorf Park and in the streets surrounding the park (Lansing Street, Katherine Street and Seymour Street) is prohibited.

B.

Ballplaying in the park area bounded by Wight Drive and Temple Street and the streets surrounding the park area (Wight Drive and Temple Street) is prohibited.

[Added 6-11-1979]

§ 216-7 Glass containers.

[Added 6-13-1983; amended 12-1-1986 by L.L. No. 1-1986]

No person shall possess, deliver or use any type of glass container on any playground or any area designated as a park pursuant to this chapter.

§ 216-8 Penalties for offenses.

[Added 12-1-1986 by L.L. No. 1-1986]

Any person, firm or corporation violating any provision of this chapter shall, upon conviction, be subject to a fine of not less than \$50 nor more than \$250 or imprisonment for not more than 15 days, or both. Each day of continued violation is a separate and distinct offense.

ARTICLE III Waterworks Park (§ 216-9 — § 216-19)

[Added 7-15-1991]

§ 216-9 Driving and parking of vehicles.

No person shall drive, ride or park any motor vehicle or snowmobile, as defined in the New York State Vehicle and Traffic Law § 125, within Waterworks Park, other than in the designated parking areas, unless authorized.

§ 216-10 Closing hours.

Waterworks Park shall be closed to the public between the hours of 9:00 p.m. and 6:00 a.m. of the following day, and no person shall be permitted within its boundaries during such hours.

§ 216-11 Fishing.

Fishing is permitted from Waterworks Park. Fish shall not be cleaned within the park area. No dead fish or remains thereof shall be left on the park property or discarded into the river.

§ 216-12 Boats.

[Amended 3-21-1994]

Boats or other flotation devices may be launched or put into the river within the Waterworks Park property for the purpose of white-water recreational use.

§ 216-13 Swimming.

[Amended 3-21-1994]

Entering the river from the Waterworks Park property for swimming is prohibited.

§ 216-14 Bicycles.

When a person enters Waterworks Park with a bicycle, the bicyclist must dismount the bicycle and walk it through the vehicle restriction gates and barriers. Pedestrians have the right-of-way.

§ 216-15 Injury or damage to plants or property.

No person shall damage, injure, remove or destroy any grass, shrubbery, plants, trees, signs, buildings, improvements or other property within Waterworks Park.

§ 216-16 Glass containers.

No person shall possess, deliver or use any type of glass container within Waterworks Park.

§ 216-17 Alcoholic beverages.

Alcoholic beverages are prohibited within Waterworks Park, except by permit issued by the City Clerk pursuant to Chapter 75 of the Code of the City of Watertown, New York.

§ 216-18 Litter.

All litter, trash or garbage created from activity within Waterworks Park shall be properly disposed of in trash receptacles provided. It is prohibited to throw litter, trash or garbage onto the ground or into the river. It is also prohibited to bring litter, trash or garbage into the park that is not generated by activities in the park for the purpose of disposing of it.

§ 216-19 **Open fires.**

Open fires are prohibited, except within the confines of cooking grills provided within the park.

ARTICLE IV **Veterans' Memorial Riverwalk (§ 216-20 — § 216-29)**

[Added 4-18-1994]

§ 216-20 **Driving and parking of vehicles.**

[Amended 6-16-2003; 12-20-2004]

No person shall drive, ride or park any motor vehicle, snowmobile, or all-terrain vehicle, as defined in New York State Vehicle and Traffic Law §§ 125, 2221, and 2281, within Veterans' Memorial Riverwalk, other than in the designated parking areas, unless authorized.

§ 216-21 **Closing hours.**

[Amended 5-1-1995; 6-16-2003]

The Veterans' Memorial Riverwalk is closed to the public from 9:00 p.m. until 7:00 a.m., and no person or vehicle shall be within the boundaries of such park between such hours, unless authorized.

§ 216-22 **Fishing.**

Fishing is permitted from Veterans' Memorial Riverwalk. Fish shall not be cleaned within the park area. No dead fish or remains thereof shall be left on the park property or discarded into the river.

§ 216-23 **Boats.**

Boats or other flotation devices shall not be launched or put into the river from the Veterans' Memorial Riverwalk.

§ 216-24 **Swimming.**

Entering the river from the Veterans' Memorial Riverwalk property for swimming or any other purposes is prohibited.

§ 216-25 **Bicycles.**

A person entering Veterans' Memorial Riverwalk with a bicycle must dismount the bicycle and walk it through any vehicle restriction gates or barriers that may be provided. Pedestrians have the right-of-way.

§ 216-26 **Injury or damage to plans or property.**

No person shall damage, injure, remove or destroy any grass, shrubbery, plans, trees, signs, buildings, improvements or other property within Veterans' Memorial Riverwalk.

§ 216-27 **Glass containers.**

No person shall possess, deliver or use any type of glass container within Veterans' Memorial Riverwalk.

§ 216-28 **Litter.**

All litter, trash or garbage created from activity within Veterans' Memorial Riverwalk shall be properly disposed of in trash receptacles, if provided, or taken off site to be properly disposed of. It is prohibited to throw litter, trash or garbage onto the ground or into the river. It is also prohibited to bring litter, trash or garbage into the park that is

not generated by activities in the park for the purpose of disposing of it.

§ 216-29 **Open fires.**

Open fires are prohibited, except within the confines of cooking grills, if provided, within Veterans' Memorial Riverwalk.

ARTICLE V **City-Owned Playgrounds (§ 216-30 — § 216-31)**

[Added 8-21-1995]

§ 216-30 **Enumeration of playgrounds.**

The City owns and maintains the following City playgrounds: Kostyk, Hamilton, Academy, Taylor, Portage and Morrison.

§ 216-31 **Hours closed.**

All City-owned playgrounds are closed to the public from 9:00 p.m. until 7:00 a.m., and no person shall be within the boundaries of said playgrounds between such hours, unless authorized by the Superintendent of Parks and Recreation.

CHAPTER 75 ALCOHOLIC BEVERAGES

[HISTORY: Adopted by the City Council of the City of Watertown: Art. I, 7-18-1977. Section 75-3 added at time of adoption of Code; see Ch. 1, General Provisions, Art. I. Other amendments noted where applicable.]

GENERAL REFERENCES

Parks and playgrounds — See Ch. 216.

ARTICLE I Consumption in Public Places (§ 75-1 — § 75-3)

[Adopted 7-18-1977]

§ 75-1 Restrictions, permits.

[Amended 9-19-1988]

A.

Consumption of alcoholic beverages in public places within the boundaries of the City of Watertown is prohibited unless such consumption takes place in duly licensed commercial premises which are licensed by the State of New York for the sale and consumption of alcoholic beverages or unless such consumption is pursuant to a duly authorized permit of the City of Watertown. A "public place" is defined as property, either publicly or privately owned, which is used by the public for the normal transaction of everyday business or which is held open to the public for its use.

B.

The City of Watertown shall control the issuance of permits to allow consumption of alcoholic beverages as follows:

(1)

Thompson Park: permit to be issued by the Park Superintendent and/or the Police Department.

(2)

Watertown Fair Grounds: permit to be issued by the City of Watertown Recreation Department and/or the Police Department.

(3)

Other city locations: permit to be issued by the City Clerk, after review by the office of the Chief of Police.

§ 75-2 Evidence of consumption.

The possession of an open container of any form of intoxicating beverage shall be prima facie evidence of such consumption.

§ 75-3 Penalties for offenses.

[Added 12-1-1986 by L.L. No. 1-1986]

Any person, firm or corporation violating any provision of this Article shall, upon conviction, be subject to a fine of not less than fifty dollars (\$50.) nor more than two hundred fifty dollars (\$250.) or imprisonment for not more than fifteen (15) days, or both.

§ 161-1.1 Dumping of rubbish prohibited; definition.**A.**

No person shall place or deposit or, as owner, agent or tenant, allow or permit to remain in or upon private property or any property of the City of Watertown, particularly the margin between the sidewalk and the street, any rubbish, as set forth herein, except on the day of regularly scheduled trash pickup for that property in suitable watertight containers.

B.

"Rubbish" shall mean any refuse, filth, dirt, waste matter, sweepings, garbage, putrescible matter, decomposable or organic matter, carcass, sewage, excrement, swill, slops, malodorous or obnoxious liquids or substances, compost, ashes, soot, tin cans, leaves, brush, weeds, grass, straw, hay, excelsior, shavings, barrels, crates, boxes, litter, easily combustible matter, used furniture or appliances or other substance or material offensive or dangerous to the public or detrimental to its health.

CHAPTER 91 BICYCLES

[HISTORY: Adopted by the City Council of the City of Watertown as Ch. 66 of the 1949 Code. Amendments noted where applicable.]

GENERAL REFERENCES

Vehicles and traffic — See Ch. 293.

§ 91-1 Offenses to be considered traffic infractions.

The violation by any person of any provision of this chapter shall constitute a traffic infraction.

§ 91-2 (Reserved)

Editor's Note: Former § 91-2, Responsibility of parents or guardians, was repealed 12-5-2005.

§ 91-3 Applicability of traffic laws.

The provisions of Chapter 293, Vehicles and Traffic, and the New York State Vehicle and Traffic Law shall apply to every person riding or operating a bicycle upon a roadway within the City, except such provisions as by definition or by their very nature have no application and except provisions concerning matters which have been otherwise specifically covered in this chapter.

§ 91-4 (Reserved)

Editor's Note: Former §§ 91-4 through 91-14, regarding bicycle licenses, dealers and manner of riding, as amended, were repealed 12-5-2005.

§ 91-5 (Reserved)**§ 91-6 (Reserved)****§ 91-7 (Reserved)****§ 91-8 (Reserved)****§ 91-9 (Reserved)****§ 91-10 (Reserved)****§ 91-11 (Reserved)****§ 91-12 (Reserved)****§ 91-13 (Reserved)****§ 91-14 (Reserved)****§ 91-15 Riding on right side of road.**

Every person riding or operating a bicycle upon a roadway shall ride as near to the right-hand side of the roadway as practicable, exercising due care when passing a standing vehicle or one proceeding in the same direction.

§ 91-16 Riding more than two abreast restricted.

No person riding or operating bicycles upon any roadway shall ride more than two abreast, except on paths or parts of roadways set aside for the exclusive use of bicycles.

§ 91-17 Riding on sidewalks.

No person shall ride or operate a bicycle upon any sidewalk.

§ 91-18 **Speed.**

No person shall ride or operate a bicycle at a speed greater than is reasonable and prudent under the conditions then existing.

§ 91-19 **Carrying of articles.**

No person riding or operating a bicycle shall carry any package, bundle or article which prevents the rider or operator from keeping at least one hand upon the handlebar.

§ 91-20 **Use of bicycle paths.**

Wherever a usable path for bicycles has been provided adjacent to a roadway, persons riding or operating bicycles shall use such path and shall not use the roadway.

§ 91-20.1 **Designated bicycle paths.**

[Added 7-15-1991]

The following paths shall not be considered sidewalks but are multipurpose recreation trails, which may be used for bicycle riding:

A.

All paths within the boundaries of Waterworks Park.

B.

All paths within the boundaries of Veterans' Memorial Riverwalk.

[Added 4-4-1994]

§ 91-21 **Parking.**

No person shall park or leave standing a bicycle upon a street other than upon the edge of the roadway against the curb or upon the sidewalk in a rack to support the bicycle or against a building or at a curb in such manner as to afford the least obstruction to pedestrian traffic and motor vehicle traffic.

§ 91-22 **Lamps and reflectors.**

No person shall ride or operate any bicycle upon any street during the period from 1/2 hour after sunset to 1/2 hour before sunrise, unless such bicycle shall display a lighted lamp on the front which shall project either white or yellow light visible from a point 500 feet ahead of such bicycle, nor unless such bicycle is equipped upon front and rear with a red reflector which shall be visible at least 200 feet when opposed by a motor vehicle displaying lawful undimmed headlights at night on a lighted highway.

§ 91-23 **Audible signaling equipment.**

No person shall ride or operate a bicycle unless it is equipped with a bell or other device capable of giving a signal audible for a distance of at least 100 feet, except that a bicycle shall not be equipped with, nor shall any person use upon a bicycle, any siren or whistle.

§ 91-24 **Brakes.**

No person shall ride or operate any bicycle unless the same is equipped with a brake which will enable the operator to make the braked wheel skid on a dry, level, clean pavement.

§ 91-25 **(Reserved)**

Editor's Note: Former § 91-25, Special hearings for minors, was repealed 12-5-2005.

§ 91-26 **Penalties for offenses.**

[Amended 12-1-1986 by L.L. No. 1-1986]

Every person convicted of a violation of any provision of this chapter shall be punished as set forth in § 1800 of the New York State Vehicle and Traffic Law or by removal and detention of the license plate from such person's bicycle for a period not to exceed one year or by impounding of such person's bicycle for a period not to exceed 90 days, or by any combination thereof.

CHAPTER 81 ANIMALS

[HISTORY: Adopted by the City Council of the City of Watertown as indicated in article histories. Amendments noted where applicable.]

ARTICLE I Dogs (§ 81-1 — § 81-13)

[Adopted 6-28-1954]

§ 81-1 License required.

No person shall own or harbor a dog unless licensed as provided in Article 7 of the Agriculture and Markets Law.

Editor's Note: Former Sec. 56-8, dealing with dogs disturbing persons, as amended 7-12-1954, which immediately followed this section, was deleted 8-28-1962.

§ 81-2 Commercial kennels.

A.
As used in this section, the following terms shall have the meanings indicated:

COMMERCIAL KENNEL

A place where one or more dogs are harbored or kept for sale and/or for stud service and/or which possesses facilities for boarding dogs for a period of at least six months out of a year.

B.
A person who owns or harbors or keeps a dog or dogs which has or have two or more litters born during any one calendar year shall be considered to be the owner of a commercial kennel.

C.
No person shall own or maintain a kennel, as herein defined, without having first secured therefor a kennel license.

[Amended 12-1-1986 by L.L. No. 1-1986]

D.
Records must be kept by each owner of a kennel of the information required by the City to be submitted to the City Clerk.

[Amended 12-1-1986 by L.L. No. 1-1986]

E.
The following provisions shall apply to the ownership or maintenance of any commercial kennel as defined herein:

(1)
All shelters and yards in which dogs are kept shall at all times be clean and free from the accumulation of manure or objectionable odors. No such shelter or yard shall be located within 10 feet of any inhabited dwelling or business place nor within five feet of a party line without the consent of the adjoining owner or tenant. No such shelter or yard shall be located in front of or at either side of a dwelling or business place. Yards shall be of open wire fencing of sufficient strength and height to restrain dogs therein confined.

(2)
No dogs shall be bred within view of the public.

(3)
Male dogs and female dogs unspayed shall not be permitted to run at large together.

§ 81-3 Dog bites; rabies precautions.

[Added 9-17-1956]

A.
Any dog bite shall be immediately reported to the Health Officer or Police Department by the person bitten or by the parent or guardian of a minor, if the person bitten is a minor, or by the attending physician.

B.

Animals subject to rabies to be confined. Whenever the Health Officer or Chief of Police are notified of an animal of a species subject to rabies, which has bitten any person, he shall cause the animal to be confined for a period of 10 days. If the animal becomes ill during its confinement, the Health Officer shall be immediately notified by the person in whose custody the animal is confined. Furthermore, if such animal developed active symptoms of rabies within that time, it shall be killed under the direction of the Health Officer.

C.

Animals suspected of rabies to be confined. The Health Officer or Chief of Police shall secure and confine, or cause to be secured and confined, under competent observation any animal within the City of Watertown suspected of having rabies for such time as may be necessary for the Health Officer to determine the diagnosis. Such animal shall be confined in a locked enclosure approved by the Health Officer as being so constructed that the animal cannot escape and cannot have contact with any other animals. Such animal may be confined by a veterinary, licensed by the State of New York, at the expense of the owner of the dog, if so agreed by the owner and veterinary. The expense of any isolation, however, shall be borne by the owner. If such animal cannot be secured and confined, the Health Officer shall cause such animal to be killed. If an animal is known to have rabies, it shall be killed under the direction of the Health Officer. If the animal becomes ill during its confinement, the Health Officer shall be immediately notified by the person in whose custody the animal is confined.

D.

Persons to confine animals. Any person who owns or harbors an animal of a species subject to rabies, which has bitten any person, ordered by the Health Officer, the Chief of Police or any duly authorized representative of either to confine such an animal shall do so immediately and shall keep such animal confined for a period of 10 days from the date of such bite, or longer if ordered to do so by the Health Officer.

§ 81-4 Definitions.

[Added 8-28-1962; amended 4-2-1990]

As used in this Article, unless the context otherwise indicates, the following terms shall have the meanings indicated:

DOG

Any member of the species canis familiaris.

DOG CONTROL OFFICER

A person appointed by the City Manager to assist in the enforcement of this Chapter and Article 7 of the Agriculture and Markets Law, as herein specified, or any member of the Police Department of this City.

HARBOR

To provide food or shelter to any dog.

IDENTIFICATION TAG

A tag which sets forth an official identification number as required by the provisions of Agriculture and Markets Law Article 7.

IDENTIFIED DOG

Any dog carrying an identification tag as provided in § 112 of the Agriculture and Markets Law.

OWN and OWNER

Includes any person having a right of property in a dog and any person who keeps or harbors a dog or has in his care or who acts as its custodian, and any person who permits a dog to remain on or about any premises occupied by him.

RUNNING AT LARGE

Any dog roaming, running or self-hunting off the property of its owner or custodian and not under its owner's or custodian's immediate control.

§ 81-5 Leashing; dogs prohibited where perishable goods are sold.

[Added 8-28-1962]

A.

Any person owning or harboring a dog shall restrain such dog by a leash not to exceed eight feet in length while

such dog is off its owner's or keeper's premises.

[Amended 8-20-1974]

B.

Dogs are prohibited in any restaurant, grocery or other store where perishable goods are sold.

§ 81-5.1 Removal of feces.

[Added 4-2-1990]

An owner or person having custody of any dog or any other animal shall not permit said dog or any other animal to defecate on any school ground, public street, alley, sidewalk, tree bank, park or other public grounds or on any private property within the City, other than the premises of the owner or person having custody of said dog or other animal, unless said defecation is removed immediately.

§ 81-6 Running at large.

[Added 8-28-1962]

A.

An owner of a dog or dogs shall not permit such dog or dogs, whether licensed or unlicensed, to become a public nuisance.

B.

A dog shall be presumed to be a public nuisance if it shall:

(1)

Consistently or persistently bark or howl or whine or snarl or growl.

(2)

Cause personal injury.

(3)

Cause damage to personal property.

(4)

Transport trash or create impairment of lawns, hedges, flower beds and gardens on property other than of the owner or of anyone having the dog in custody.

(5)

Persistently bark or chase or growl or snarl at pedestrians who are using the sidewalks while the dog is on the property of the owner or harborer.

(6)

Roam with one or more other dogs in a pack.

(7)

Be in the habit of chasing or barking at automobiles, bicycles, motorcycles and/or minibikes.

[Amended 8-13-1974]

(8)

A female dog in time of heat running at large.

(9)

Kill other animals, except rats and mice.

(10)

Be off its owner's or keeper's premises without a leash.

[Amended 8-13-1974]

§ 81-7 Public pound.

[Added 8-28-1962; amended 12-1-1986 by L.L. No. 1-1986]

There shall be maintained a public pound or dog shelter in which shall be distrained all dogs running at large, which are dangerous as specified in § 121 of the Agriculture and Markets Law or a public nuisance as herein defined. The City Manager shall designate a place owned by the City for distraining of dogs to be known as the "City Dog Shelter."

§ 81-8 **Pound records.**

[Added 8-28-1962]

At the pound or dog shelter a book must be kept in which the dog warden must enter, or cause to be entered, forthwith the name and residence of any person bringing any dog to the pound, the date when the same was brought, a description of said dog sufficient for identification and the name and residence of the owner thereof, if known, which book must at all times be open for public inspection.

§ 81-9 **Impounding of animals.**

[Added 8-28-1962; amended 5-21-1984; 4-2-1990]

It is the duty of the Dog Control Officer to seize and impound:

A.

All vicious and dangerous dogs.

B.

All dogs running at large.

C.

Any dog which is not identified and which is not on the owner's premises.

D.

Any dog which is not licensed, whether or not on or off the owner's premises.

§ 81-10 **Impoundment fees.**

[Added 8-28-1962; amended 5-21-1984; 12-1-1986 by L.L. No. 1-1986; 4-2-1990]

A.

Unidentified dogs. As provided for in § 118 of the Agriculture and Markets Law, the City shall properly shelter, feed and water for the redemption period any seized dog impounded by the City until disposed of as provided by the aforementioned law.

B.

Each dog which is not identified, whether or not licensed, shall be held for a period of five days from the day seized, during which period the dog may be redeemed by its owner, provided that such owner produces proof that the dog has been licensed and has been identified pursuant to § 118 of the Agriculture and Markets Law or, in the event the dog is unlicensed, by purchasing a dog license from the City Clerk upon proof that said dog has been identified pursuant to § 118 of the Agriculture and Markets Law and paying a fee of \$25 to the Dog Control Officer for the dog's impoundment. In the event that the owner is notified by mail, the redemption period shall be 10 days from the date of the mailing of said notice.

C.

Promptly upon seizure of any identified dog, the owner of record shall be notified personally or by certified mail, return receipt requested, of the facts of seizure and the procedure for redemption. If notification is personally given, such dog shall be held for a period of seven days after date of notice, during which period the dog may be redeemed by the owner. If such notification is made by mail, such dog shall be held for a period of nine days from the date of mailing, during which period the dog may be redeemed by the owner. In either case, the owner may redeem such dog upon payment of the impoundment fees prescribed in Subsection B of this section and by producing proof that the dog has been licensed.

D.

The owners of the impounded dog shall pay the City an additional fee of \$5 per day for room and board.

Interference with enforcement officials.

§ 81-11 Interference with enforcement officials.

[Added 8-28-1962]

No person shall molest or interfere in any way with any peace officer, dog warden, or any of his duly authorized assistants, or with the duly authorized agents of any person or corporation engaged in enforcing the provisions of the Agriculture and Markets Law, relating to dogs, or of the provisions of this Article, while he or they are engaged in the performance of their duties.

§ 81-12 Penalties for offenses.

[Added 8-28-1962; amended 5-21-1984; 4-2-1990]

Any person, firm or corporation violating any provision of this Article shall, upon conviction, be subject to a fine of not less than \$50 nor more than \$250 or imprisonment for not more than 15 days, or both. Each day of continued violation is a separate and distinct offense.

§ 81-13 Applicability.

[Added 8-28-1962]

A.
This Article shall not apply to a dog owned by a nonresident while passing through the City of Watertown nor to dogs brought into the City of Watertown for a period not exceeding 15 days, if entered in any exhibition at any dog show therein and confined and in immediate charge of the exhibitor or a dog commonly known as a "Seeing Eye" dog while guiding its master.

B.
This Article shall not apply to dogs actually confined to the premises of incorporated societies devoted to the care of hospital treatment of lost, strayed or homeless animals or confined to the premises of public or private hospitals devoted to the treatment of sick animals.

ARTICLE IA Vicious and Dangerous Dogs (§ 81-13.1 — § 81-13.4)

[Adopted 4-2-1990]

§ 81-13.1 Definitions.

As used in this Article, the following terms shall have the meanings indicated:

DANGEROUS DOG

Any dog which is capable of inflicting death or serious injury on a person or another animal and which:

- A.
Has, without provocation, bitten a person engaged in a lawful activity;
- B.
Has, while off the property of its owner and without provocation, killed or seriously injured another animal;
- C.
Has, without provocation, chased, confronted or approached a person on the street, sidewalk or other public property in a menacing fashion such as would put an average person of fear of attack;
- D.
Has exhibited a propensity, tendency or disposition to attack while off the property of its owner, cause injury or threaten the safety of persons or other animals without provocation; or
- E.
Has acted in a manner that causes or should cause its owner to know that it is potentially vicious.

VICIOUS DOG

Any dog which:

A.

Has caused death or serious injury to a person engaged in a lawful activity;

B.

Has, on two or more occasions within a twelve-month period, bitten without provocation a person engaged in a lawful activity;

C.

Has, on two or more occasions within a twelve-month period, while off the property of its owner and without provocation, killed or seriously injured another animal; or

D.

Has been trained for dog fighting or is owned or kept for the purpose of dog fighting.

§ 81-13.2 **General provisions.**A.

It shall be unlawful for any person to keep within the City of Watertown any vicious dog. Upon a finding that a dog is vicious, a court of competent jurisdiction may order the dog to be impounded and destroyed or to be removed from the City of Watertown.

B.

It shall be unlawful for any person to keep within the City of Watertown any dangerous dog, except in compliance with § 81-13.4.

§ 81-13.3 **Complaints.**A.

Any person may make a verbal or written complaint to the City Dog Control Officer of a dog which the complainant believes to be vicious or dangerous. The complaint shall include sufficient information to enable the Dog Control Officer to ascertain the location and owner of the dog and shall also include the reasons why the complainant believes the dog to be vicious or dangerous.

B.

Within 10 days of the making of the complaint, the Dog Control Officer shall undertake an investigation to determine whether the dog identified in the complaint is vicious or dangerous. Such investigation shall include an opportunity for the owner of the dog to present evidence to the Dog Control Officer pertinent to the viciousness or dangerousness of the dog, and may include interviews with the complainant and other person having personal knowledge regarding the dog and observations of the dog in its normal habitat.

C.

Upon completion of the investigation, the Dog Control Officer shall determine whether the dog identified in the complaint is vicious or dangerous.

(1)

If the Dog Control Officer determines that the dog is neither vicious nor dangerous, the Dog Control Officer shall inform the complainant and the owner of the determination, and no further action shall be taken on the complaint.

(2)

If the Dog Control Officer determines that the dog is vicious, the Dog Control Officer shall put the determination in writing, as well as the reason supporting it. The Dog Control Officer shall then forward this written determination to the complainant and the owner and, in addition, shall notify the owner that the dog must be destroyed or removed from the City of Watertown. The Dog Control Officer may issue an appearance ticket against the owner of a vicious dog and immediately impound the dog.

(3)

If the Dog Control Officer determines that the dog is dangerous, the Dog Control Officer shall notify the Chief of Police of the City of Watertown and the owner. In addition, the Dog Control Officer will present to the dog owner a copy of the Code of the City of Watertown, § 81-13.4, regarding the regulation of dangerous dogs.

§ 81-13.4 **Regulation of dangerous dogs.**

A.

No owner of a dog known to have or who, at any time, demonstrates a vicious propensity and/or falls within the definition of "dangerous dog" as herein defined, shall at any time leave such dog unattended in any place, in or out of any building or property, except that such dog may be on the premises or property of such owner, provided that when such dog is out-of-doors on the premises or property of said owner, it is confined within a fenced area or yard with a fence no less than six feet in height and adequate to prevent such dog from leaving said yard or area. In addition, there must be a warning sign posted in a clearly visible location at this property or premises such that they can be seen by any person before they might enter such premises or property informing them that a dangerous dog is present on the premises.

B.

Such dog, when out of doors on the premises or property of such owner, shall, in addition to being confined in a fenced yard or area, be restricted by a secured chain sufficient so as to prevent such dog from reaching a distance less than two feet from such fence at any point within the fenced yard or area.

C.

Any dangerous dog which is in a public place shall not only be in the continuous control of its owner, but shall be restrained by a leash of not greater than four feet in length, of metal or other construction permitted by the City, and said dog shall at all times wear a muzzle of a type and form specified and approved by the City.

ARTICLE II Horses and Other Livestock (§ 81-14 — § 81-17)

[Adopted 12-1-1986 by L.L. No. 1-1986]

§ 81-14 Purpose.

The purpose of this Article is to protect the health, safety and general welfare of the citizens of the City of Watertown, as well as to provide for the safety and health of horses and similar livestock.

§ 81-15 Restrictions.

In any zone in the City of Watertown wherein the keeping of horses or other livestock is allowed, the following regulations shall be complied with:

A.

A lot or parcel of at least 45,000 square feet shall be required for the keeping of horses, ponies or other similar livestock.

B.

There must be provided a pen or corral for the keeping of horses, ponies or similar livestock.

C.

Within the pen or corral there must be provided a stable or similar roofed enclosure.

D.

All stables, pens, corrals and other structures for horses or ponies or similar livestock shall be located no closer than 20 feet to any adjacent property line or 50 feet from any neighboring dwelling.

E.

Stables and similar enclosures for housing horses or other livestock must be built and maintained so as not to create offensive odors, fly breeding or other nuisances.

F.

Manure from stabled horses or other livestock may not be stored in the stable or housing structure used to house said horses or livestock. Any stockpile of manure shall not exceed 100 square feet and shall be stored not less than 50 feet from the nearest neighborhood dwelling. All stockpiles of manure shall be limed at least once every week.

§ 81-16 Existing uses.

Any person, firm or corporation presently using land or premises within the City of Watertown for the keeping of

horses or other livestock shall comply with all the provisions of this Article except as follows: Said person, firm or corporation may reduce the area requirements of § 81-15A and the distance requirements of § 81-15D by 50% but shall in all other respects comply with the requirements of this Article, provided that such person, firm or corporation complies with all other ordinances, rules and regulations of the City of Watertown or any agency thereof and provided, further, that such noncompliance shall not be restored in the event of its abandonment or discontinuance.

§ 81-17 **Penalties for offenses.**

For any and every violation of the provisions of this Article, the owner of said premises where such violation has been committed or shall exist or the tenant of such premises where such violation has been committed or shall exist or any other person who commits, takes part in or assists in such violation or who maintains any building or premises in which any such violation shall exist shall, for each and every day that such violation continues, be subject to a fine of not less than \$50 nor more than \$250 or imprisonment for not more than 15 days, or both.

ARTICLE III **(Reserved) (§ 81-18 — § 81-19)**

Editor's Note: Former Art. III, Police Department Dogs, adopted 6-27-1977, was repealed as follows: § 81-18, Prohibited actions, 12-5-2005; § 81-19, Penalties for offenses, 12-5-2005 by L.L. No. 11-2005.

§ 81-18 **(Reserved)**

§ 81-19 **(Reserved)**

ARTICLE IV **Appearance Tickets (§ 81-20)**

[Adopted 1-22-1979]

§ 81-20 **Authority to issue; procedure.**

A.

Pursuant to the provisions of § 114, Subdivision 4, of the Agriculture and Markets Law of the State of New York, the Dog Warden of the City of Watertown shall have all the powers of a constable or other peace officer in the execution of the provisions of Article 7 of the Agriculture and Markets Law and Article 1 of this chapter, including the issuance of an appearance ticket pursuant to § 150.20 of the Criminal Procedure Law, and including service of a summons and the service and execution of any other order or process.

[Amended 12-1-1986 by L.L. No. 1-1986]

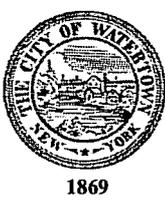
B.

Pursuant to § 124, Subdivision 2(c), of the Agricultural and Markets Law, the police and the Dog Warden of this City are hereby authorized and empowered to issue an appearance ticket in accordance with § 150.20 of the Criminal Procedure Law for any violations of the sections of Article 1 of this chapter which apply to dogs and dog control, and an answer to such appearance ticket may be made by registered or certified mail, return receipt requested, within five days of the violation as provided in § 119, Subdivision 3, of the Agriculture and Markets Law in lieu of a personal appearance on the return date at the time and court specified in said appearance ticket.

[Amended 12-1-1986 by L.L. No. 1-1986]

C.

If the person charged with the violation denies part or all of the violation as charged in the appearance ticket, he may complete the form of answer herein described and forward such answer and appearance ticket, together with security in the amount of \$15, to the City Court of this City. Upon receipt by the court, such answer shall be entered and a new return date established by the City Court. Such person shall be notified by return mail of the date and place of such return date, and the security shall be returned upon appearance in court by such person. If a person shall fail to appear at the return date so specified, the security posted to secure such appearance shall be forfeited and a summons or a warrant of arrest may be issued pursuant to the Criminal Procedure Law.



CITY OF WATERTOWN
ENGINEERING DEPARTMENT
MEMORANDUM

DATE: 6 April 2010

TO: Mary Corriveau, City Manager

FROM: Kurt Hauk, City Engineer

SUBJECT: 302 Gale Street Sidewalk Report

This memorandum provides an update to the sidewalks on 302 Gale Street as requested by members of the Council.

The Sidewalks at 302 Gale Street were replaced as part of Sidewalk District #4. The work was completed in 2009. At that time Mr. Fields, the homeowner, had raised some concerns about the sidewalks installed in front of his home. I met with him on-site on September 14th and also followed up with letter to summarize our meeting on September 24th.

At the meeting and in my letter, I informed Mr. Fields that staff from the Engineering Department would monitor the sidewalks through the winter and spring to see if any blocks would need to be replaced.

The sidewalks were inspected on three occasions to date: 18 Sep 09, 11 Feb 10, and 15 Mar 10. Pictures from each inspection are enclosed for reference. We plan to conduct one additional inspection in the August/September timeframe to ensure nothing has changed.

As of the March 2010 inspection, there have been no deficiencies noted that would warrant replacement of sidewalk blocks as "warranty work" in the 2010 construction season. Conditions that would trigger replacement of a sidewalk block are, as I indicated in the September letter are; spalling, cracking across blocks, settling, or drainage problems.

Cc. Sean O'Connor, Eng Tech

Encl.

Pictures From 18 September 2009



Pictures From 11 February 2010



Pictures From 15 March 2010



April 8, 2010

To: The Honorable Mayor and City Council
From: Mary M. Corriveau, City Manager
Subject: New York State Zoo at Thompson Park Request, Aviary

After nearly two years of planning and redesigning, the City began construction on the Aviary in Thompson Park in the fall of 1978. The work was completed in August 1979, and over the years has housed birds, ducks, mute swans and other an. Today this same exhibit, as seen in the attached photos, is almost empty due to structural issues associated with snow and ice loads during the 2008-2009 winter. In an October 2009 email from the Zoo's Executive Director John Scott Foster the City was notified that "a number of the screened panels which make up the walls appear to be buckled in with gaps that allow small birds and squirrels to move in and out of the exhibit." This is not a new issue for the exhibit as many of the panels have been repaired with small C clamps.

As the attached letter from Peter Schmitt, President of the Board of Directors for the Zoo indicates, the Animal Collections committee of the Board of Directors has met and they are asking that the City consider demolishing and removing the Aviary building this fall.

I have discussed this request with Superintendent of Public Works Eugene P. Hayes and he has indicated that based on the age and design of this exhibit, a considerable amount of maintenance is required just to keep it operational. Unless the City Council objects with the Zoo's request, staff will schedule for the demolition of this building for later this year.





YMCA

We build strong kids,
strong families, strong communities.



March 24, 2010

Mrs. Mary Corriveau
City Manager
City of Watertown,
Municipal Building
Washington Street,
Watertown, New York
13601

Dear Mary,

I am writing to you about a concern related to the Aviary at the New York State Zoo at Thompson Park. The Animal Collections committee of the Board met on Tuesday March 16 to look at 5 different exhibits that need some attention. The recommendations which are attached were taken to the Board and approved on March 18.

One of the recommendations related to the Aviary which might have once been a good exhibit but has fallen on hard times. It has structural issues related to its metal screening and it has operating issues related to the pond. These two problems leave the exhibit almost empty with no Wow factor and no teaching opportunity to share with visitors.

The exhibit itself sits on a great site close to the entry building and overlooking a large part of the Zoo. We are proposing that there be no further capital investment in this exhibit and if possible the building be removed in the fall of 2010. This would allow us to look to set up either an open sided building or an open sided tent to facilitate picnics, an all weather teaching center and outdoor birthday parties. Sue Sabik our Senior Keeper has indicated that the exhibits currently housed in this facility can be moved to other locations.

I am asking for your support to demolish and remove the building currently known as the Aviary. The City of Watertown's support of the Zoo has been a vital part of the Zoo's success. We hope you will look favorably upon this request.

Yours truly,

Peter Schmitt
President of the Board of Directors
New York State Zoo at Thompson Park

April 8, 2010

To: The Honorable Mayor and City Council
From: Mary M. Corriveau, City Manager
Subject: Fort Drum Economic Impact Statement, FY

Each year, Fort Drum puts together an Economic Impact Statement that details the community impact of their operations to the economic well being of the Northern New York communities. This report has been scanned and is available on the City's website as part of the Work Session Agenda.

Fort Drum Economic Impact Statement



Fiscal Year 2009
October 1, 2008 – September 30, 2009

Fort Drum United States Army Garrison

Commanding General
MG James L. Terry

Garrison Commander
COL Kenneth H. Riddle

Deputy to the Garrison Commander
Mrs. Judith L. Gentner

Garrison Command Sergeant Major
CSM John F. McNeirney

COMMUNITY IMPACT

Fort Drum is a prominent fiber in the fabric of the Northern New York community. The installation provides employment for more than 4,000 area residents and millions of dollars in trade for local businesses. Soldiers and their Family members receive medical care from local health care providers and enroll in local schools and colleges. Staunch community support by way of programs such as Project Strong Communities and Operation Yellow Ribbon further connect our military and civilian communities. The resulting economic and social impact benefits not only Northern New York, but New York State as a whole.

EMPLOYMENT AND PAYROLL: \$1,124,292,746

Personnel data provided by the Plans, Analysis and Integration Office
 Military pay data provided by the Fort Drum Finance Office
 Retiree Data extracted from DoD Office of the Actuary Website (www.dod.mil/actuary)

Fort Drum is the largest employer in Northern New York. In FY09, Fort Drum employed 18,023 Soldiers and 4,782 Civilians. Military and Civilian payrolls (includes tenants and contractors) totaled \$927,185,124 and \$158,215,622 respectively.

Military pay includes basic pay and allowances, special pay, incentive pay and bonus pay for all Soldiers assigned to the Fort Drum area. **Basic pay and allowances** may include items such as Basic Allowance for Housing (BAH), Basic Allowance for Subsistence (BAS), Cost of Living Allowance (COLA), Clothing Monetary Allowances, Family Separation Allowance (FSA), Temporary Lodging Allowance (TLA), and Temporary Lodging Expense (TLE). **Special pay** may include items such as Medical, Dental, or Veterinary Pay, Special Duty Assignment Pay, Hardship Duty Pay, Hostile Fire or Imminent Danger Pay, and Diving Duty Pay. **Incentive pay** may include items such as Aviation Career Incentive Pay, Flight Pay - Crew and Non-Crew member, Parachute Pay, and Demolition Duty. **Bonus pay** may include items such as Enlistment and Reenlistment Bonus.

Personnel Category	# Employees End of Month Sep 09
Military (Includes 10 th Mountain Division and tenant activities)	18,023
Civilian (Includes tenants and contractor employees)	4,782
Total:	22,805

According to the DoD Office of the Actuary, we also have 2,173 retirees from all branches of service living within the 136XX zip code who are paid a total of \$3,241,000 a month (\$38,892,000 a year), which also flows into our local economy.

ARMY COMMUNITY HOUSING: \$2,660,419

Data provided by Public Works, Housing

In the late 1980's, the Army entered into leases with private developers (under Section 801 of the Military Construction Authorization Act of 1984) to provide 2,000 housing units to Soldiers and their Families in ten North Country communities in the tri-county (Jefferson, Lewis and St. Lawrence) area. The only remaining Army Community Housing (ACH) neighborhood is LeRay Heights (Jefferson County) with 300 units. This lease expires on 30 September 2010 and the property, like the others before it, will revert to market rentals that Soldiers may continue to rent privately. Fort Drum spent \$2,660,419 on ACH in LeRay Heights in FY09.



PRIVATIZED HOUSING: \$98,851,197

Data provided by Public Works, Housing

Fort Drum Mountain Community Homes, LLC, is the Residential Communities Initiative (RCI) project on Fort Drum. A partnership between Actus Lend Lease and the Army, it was created to improve retention and Soldier readiness through the development of world-class, high-quality residential communities for military Families. The fifty-year partnership commenced in 2005 and involves the renovation of 2,270 Legacy homes and the construction of 1,399 new ENERGY STAR certified three, four and five bedroom homes. In addition, the master-planned development includes construction of four state-of-the-art community centers featuring fitness centers, meeting spaces, indoor playgrounds and outside amenities including splash parks, skate parks, pitch n' putt greens, and playgrounds as well as a canine-friendly, leash-free, "Bark Park." Destination playgrounds are located throughout each community and an expansive trail network connects the neighborhoods with other Fort Drum amenities.

The Timbers, a 192 one and two bedroom apartment community for Unaccompanied Single Soldiers, opened in 2009. The Timbers offers the convenience of new, modern, suite styled apartment homes, the camaraderie of serving Soldiers (SSG and above) exclusively and a home close by work and play on Fort Drum.

Fort Drum Mountain Community Homes, LLC, strives to make these Fort Drum communities the best place the residents have ever lived by placing Residents First!

FDMCH - RCI Dollars:

FDMCH - RCI Dollars: Executed Contracts	\$85,498,176
Payroll	\$5,535,261
JCIDA Payments	\$1,521,746
Subcontract Services	\$3,122,357
Renovation	\$3,173,657
Total	\$98,851,197



ARMY COMMUNITY HOUSING/DOMESTIC LEASES: \$2,032,660

Data provided by Public Works, Housing

The Army added the Domestic Lease Program to the Fort Drum housing portfolio in 2005. The program provides Family housing to satisfy a temporary housing need (where the local economy cannot currently provide sufficient adequate housing). The leasing program, authorized by 10 USC 2828, provides for the payment of rent, operating, and maintenance costs of privately owned houses assigned to military Families as government quarters. The program also includes funds needed to provide services such as utilities, refuse collection, and maintenance when these services are not part of the lease contract. This program is shrinking from over 200 leased homes to about 50 in 2010. We lease mainly four and five bedroom units to serve the larger junior enlisted Soldiers' Families. Fort Drum spent \$2,032,660 on domestic leases in FY09.



CONTRACTING IMPACT IN TRI-COUNTY AREA: \$226,459,724

Fort Drum Awarded Contract data provided by Mission & Installation Contracting Command, Directorate of Contracting (MICC-DOC), Fort Drum; NAF Contract data provided by Fort Drum DFMWR; COE Awarded Contract data provided by Corps of Engineers

Fort Drum is a major customer for construction companies and suppliers of goods and services in Northern New York State. In FY09, the Mission & Installation Contracting Command, Directorate of Contracting, (MICC-DOC), Fort Drum, awarded 479 construction contracts worth \$122,337,800. Companies located in the tri-county area received 286 of those contracts worth \$40,958,891. Fort Drum also awarded 648 service contracts worth \$32,766,294 and 919 supply contracts worth \$35,367,087. Of those, businesses in the tri-county area received 249 service contracts worth \$18,476,791, and 74 supply contracts worth \$3,401,316.

Government Purchase Card holders used their cards to purchase \$16,746,337 worth of supplies and services this fiscal year. Purchases on the Government Purchase Card are limited to transactions under \$3,000 each, yet the economic impact of these 25,664 purchase card actions directly affected local businesses with 14,281 of the actions worth \$9,196,457 going to tri-county firms.

Contracts & Purchase Card Transactions	Total Dollars	Tri-County Dollars	% of Total Contracted \$ Staying in Tri-County Area
Construction	\$122,337,800	\$40,958,891	33.48%
Service Actions	\$32,766,294	\$18,476,791	56.39%
Supply Actions	\$35,367,087	\$3,401,316	9.62%
Total Contracted Dollars	\$190,471,181	\$62,836,998	32.99%
Government Purchase Card Actions	\$16,746,337	\$9,196,457	54.92%
Total	\$207,217,518	\$72,033,455	34.76%

Top Ten Tri-County Contractors (in terms of Dollars Contracted)	
Name	Contract Amount
Cadence Contract Services, LLC	\$39,119,314
Jefferson Rehabilitation Center	\$8,790,565
Development Authority of the North Country	\$2,621,758
Slack Chemical Co Inc	\$1,902,214
Divita Enterprises	\$1,841,618
Guilfoyle Ambulance Service	\$1,779,796
RRB, Inc.	\$1,776,710
North Operations and Maintenance Inc.	\$835,273
PTL Contracting Corp	\$765,898
Ferrellgas, LP	\$369,655

The US Army Corps of Engineers awarded construction contracts totaling \$113,200,000 (includes contractor pay) for work at Fort Drum. The Corps of Engineers has many guidelines when awarding construction contracts. One of the guidelines is to use the HUBZONE Program. The tri-county area is a HUBZONE. The HUBZONE Empowerment Contracting Program provides federal contracting opportunities for qualified small businesses located in distressed areas. Fostering the growth of these federal contractors as viable businesses, for the long term, helps to empower communities, create jobs, and attract private investment.



Contracts for supplies, services, maintenance and labor to support installation operations were also executed by external agencies, or were centrally funded by higher headquarters. Examples of these types of contracts include the Access Control Points (security guards) and confinement services. We estimate these types of contracts totaled at least \$39,164,725 in FY09.

Non-appropriated Fund (NAF) activities spent \$2,061,544 locally in FY09, for a myriad of products and services such as self-help construction supplies and equipment, decorations, furniture, small renovation projects, bedding, linens, washers, dryers, propane, gas, oil, tools, lawn maintenance equipment and supplies, uniform contracts, office supplies and equipment, advertising, and package delivery services.



The Inn at Fort Drum
Non-appropriated Fund Activity



Youth Services
Non-appropriated Fund Activity



Central Issue Facility
Contracted Operated Activity



MEDICAL SERVICES: \$24,853,096

Data provided by MEDDAC

The United States Army Medical Department Activity (USA MEDDAC) provides a comprehensive managed care program to Soldiers and their Families.

The MEDDAC is comprised of many different sections located in various buildings throughout Fort Drum. Connor Troop Medical Clinic provides primary medical care for active duty Soldiers. Primary Care and Specialty Care are available at the Guthrie Ambulatory Health Care Clinic for Family members, retirees, and a small number of active duty beneficiaries. In-house specialties include Family Medicine and Pediatrics, Dermatology, Podiatry, Orthopedics, Physical Therapy, Chiropractic Care, Occupational Therapy, and Immunizations. The off post MEDDAC clinic in Watertown offers Obstetrics and Gynecology care to Soldiers and their Families. The Behavioral Health Department on South Post includes Community Mental Health Services, Social Work Services, and the Army Substance Abuse Program.



Behavioral Health Clinic Renewal

On a daily basis, the MEDDAC typically fills 1,140 prescriptions, takes 150 x-rays, processes 620 lab specimens, and has 1,135 clinic visits. The MEDDAC's staff of approximately 604 military, civilian, and contract personnel work together to support the organization's mission. Health care delivery at Fort Drum is unique in that, although we are a MEDDAC supporting a light infantry division, we have no inpatient capabilities. Local civilian facilities, such as Samaritan Medical Center in Watertown and Carthage Area Hospital, provide most of our inpatient needs.

TRICARE is the Department of Defense managed health care program for active duty military and their Families, retirees and their Families, and other beneficiaries. As part of the regional TRICARE contract, the Managed Care Support Contractor is responsible for coordinating health care services off post, as well as maintaining the civilian provider network within the community by establishing contracts with local health care providers and facilities. Through the dedication of civilian and military personnel, and coordinated care facilitated by TRICARE partners, the MEDDAC stands ready to provide quality health care to active and retired Soldiers, their Families, and the military community.

The total dollar amount expended in FY09 by the MEDDAC to include supplies, equipment and contracts was \$24,853,096. The MEDDAC's civilian payroll for FY09 was \$26,519,245 and is included in the civilian payroll total for Fort Drum.

Soldiers and Families assigned to the 10th Mountain Division and Fort Drum will directly benefit from several current and planned construction projects. The MEDDAC has assembled more than \$80 million in health facility improvements over the next two years. Projects include the Guthrie Clinic addition and alterations project, a battalion headquarters and barracks facility for the 3rd Battalion, 85th Infantry Warrior Transition Unit (WTU), two pre-engineered buildings, a short-term alternative child care facility, and acute care clinic renovations.

DENTAL SERVICES: \$4,945,900

Data provided by DENTAC

The United States Army Dental Activity (USA DENTAC) has three dental clinics and is staffed with over 100 dedicated officers, enlisted Soldiers, DoD civilians, and contract personnel who provide comprehensive dental care to authorized beneficiaries. A new 24-chair dental clinic, memorialized as Stone Dental Clinic, opened in October 2009. This new dental clinic cost approximately \$8.1M with much of the work done by local community contractors.

Marshall Dental Clinic, Stone Dental Clinic, and Clark Hall Dental Clinic provide care for military beneficiaries. On an average monthly basis, the DENTAC seats over 3,500 patients and performs over 15,500 dental procedures.

Dental care for 3,200 active duty Soldiers was out-sourced to the local civilian provider network in 2009 utilizing the Oral Health Initiative.

Family members use United Concordia Companies, Incorporated (UCCI), which is the TRICARE dental insurance contractor. UCCI has an extensive provider network in the North Country. The retired military population can enroll in the Delta Dental Plan for Retirees that also has a provider network in the surrounding communities. Although not tracked by the DENTAC, the local economy receives a significant amount of pay (millions) for services provided to Family members and retirees who use UCCI and Delta Dental.

In 2009, the DENTAC spent \$2,945,900 for dental supplies, equipment, and contractor salaries. An estimated \$2,000,000 was paid to local civilian dental practices for services provided for our Soldiers. The DENTAC's civilian payroll for FY09 was \$2,203,900 and is included in the civilian payroll total for Fort Drum.



Stone Dental Clinic and DENTAC HQ



Marshall Dental Clinic

VETERINARY SERVICES: \$800

Data provided by Veterinary Services

The United States Army Veterinary Command (USA VETCOM) provides military veterinary services in support of United States Army Medical Command (USA MEDCOM) and Department of Defense (DoD) missions in their areas of responsibility. The responsibilities of VETCOM include food safety, security and quality assurance, care of government owned animals, and animal disease prevention and control.



Veterinary food inspection personnel inspect foods that are procured, transported, stored, and issued for human consumption by the Department of Defense. They also assist in the prevention and control of food borne diseases and identify unsanitary conditions in food storage facilities and Commissary stores, and inspect commercial food establishments in the northeast region including New York State, Vermont, New Hampshire, and Canada. Veterinary Service personnel also support the Global War on Terror by monitoring food security.

Veterinary animal care personnel perform a variety of duties. The highest priority is managing the medical care and deployable readiness of our military working dogs. These dogs are essential for patrolling and providing drug and explosive ordnance detection.



Animal care personnel also support the control and environmental monitoring of diseases transmitted from animals to humans such as rabies, ringworm, Avian Influenza virus and Lyme disease by providing client education, routine immunizations, and health care to the privately owned animals of Soldiers.

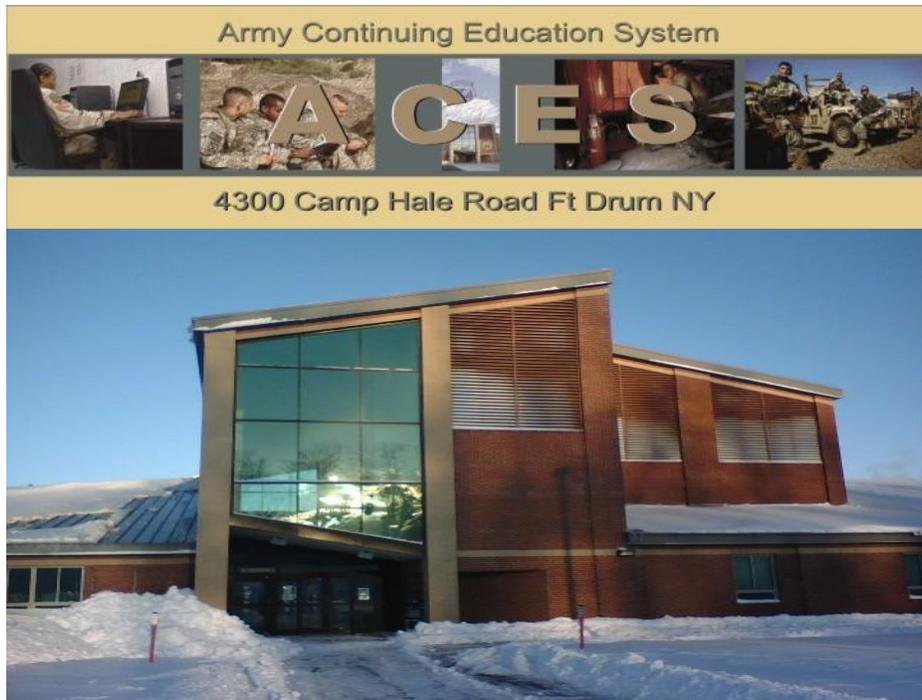


Veterinary Services regionalized to the district level in Washington, DC, in order to expedite equipment orders and have more control of fund spending, consequently spending in the North Country decreased. In FY09, Veterinary Services at Fort Drum spent \$800 for normal operating expenditures such as purchasing of dry ice for sample submissions to the Food and Animal Diagnostic Lab (FADL), a military lab in Fort Sam Houston, TX.

TUITION ASSISTANCE & CONTRACTED EDUCATION: \$718,227

Data provided by the Directorate of Human Resources

In FY09, Fort Drum authorized \$436,987 in Army tuition assistance to local college partners for active duty Soldiers. This program assists the Soldiers by paying up to 100% of a college's tuition, subject to per semester hour and fiscal year caps. Approximately 1,400 Soldiers used the tuition assistance program to enroll in traditional and distance learning college courses.



GoArmyEd, the Army's virtual education system, continued to grow in 2009, with active Soldier enrollments topping 700,000. This online portal allows Soldiers to obtain tuition assistance for both traditional residential and online courses, allows College Partners to create and update dynamic degree plans, and post grades transparently to the Soldier. GoArmyEd supports over 400 partner schools with up-front tuition assistance, program counseling, enrollment, and payment functions. In the next year, GoArmyEd will expand its services to Soldiers in the Army Reserve.

GoArmyEd

A total of \$281,240 was committed to an Army-wide contract for education support during the fiscal year to pay for multipurpose learning facility support, advertising for programs, test examiners, instructors, counselors, and counselor support for the Education Center.

FEDERAL IMPACT AID: \$17,567,049

Federal Aid data provided by individual school districts.

Overview of Federal Impact Aid from US Department of Education Web Page
(<http://www2.ed.gov/about/offices/list/oese/impactaid/whatisia.html>)

Many local school districts across the United States include, within their boundaries, parcels of land that are owned by the federal government or that have been removed from the local tax rolls by the federal government, including Indian lands. These school districts face special challenges - they must provide a quality education to the children living on the Indian and other federal lands and meet the requirements of the No Child Left Behind Act, while sometimes operating with less local revenue than is available to other school districts because the federal property is exempt from local property taxes.

Since 1950, Congress has provided financial assistance to these local school districts through the Impact Aid Program. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands. The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 (ESEA)) provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible federal properties who do not live on federal property.

The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965) has been amended numerous times since its inception in 1950. The program continues, however, to support local school districts with concentrations of children who reside on Indian lands, military bases, low-rent housing properties, and other federal properties, or who have parents in the uniformed services or employed on eligible federal properties. The law refers to local school districts as local educational agencies, or LEAs.

How do school districts use Impact Aid?

Most Impact Aid funds, except for the additional payments for children with disabilities and construction payments, are considered general aid to the recipient school districts; these districts may use the funds in whatever manner they choose in accordance with their local and state requirements. Most recipients use these funds for current expenditures, but recipients may use the funds for other purposes such as capital expenditures. Some Impact Aid funds must be used for specific purposes. All payments are distributed by wire transfer directly to the bank accounts of school districts.

School districts use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs. Payments for Children with Disabilities must be used for the extra costs of educating these children.

School Districts in the tri-county area provided their Federal Aid data as reported on ST-3, Schedule A-3, General Fund Revenues, for the year ending June 30, 2009, under the following account codes as applicable:

- A4107 Federally Affected Areas Operating Aid (Line 95)
- A4108 Federally Affected Areas - Students with Disabilities (Line 96)
- A4289 Department of Defense Supplemental Impact Aid (Line 99)

PARTNERS WITH THE COMMUNITY:

Fort Drum continues to enjoy excellent relationships with our surrounding communities that benefit the installation and our North County neighbors. Highlights of partnering opportunities follow:



In May, the Army Compatible Use Buffer (ACUB) Signing Ceremony, conducted on Training Area 12, acknowledged the imminent easements between the Tug Hill Tomorrow Land Trust and three property owners adjacent to Fort Drum. These easements will protect the installation from encroachment and the landowners from unwanted development.

Community members joined us for our Installation Planning Board (IPB), a means for senior leadership to communicate the broad continuum of results and decisions of the numerous planning activities and functions on Fort Drum. It offers an opportunity to synthesize various supporting plans into the vision that constitutes the Installation Strategic Plan, to achieve direction, priorities, and buy-in from stakeholders on and off the installation.



The Fort Drum Regional Health Planning Organization (FDRHPO) was the lead organization for the North Country Telemedicine Project that began this year. When complete, this project will enable North Country hospitals and health care facilities to exchange information through fiber-optic cables with hospitals in Onondaga County and Oneida County. The North Country Telemedicine Project will use the Development Authority of the North Country (DANC) fiber-optic cable network.



The Grand Opening of the remodeled Fort Drum/Samaritan Behavioral Health Clinic in Watertown was held in November. Renovations were made by Actus Lend Lease and Mountain Community Homes through a \$25,000 donation from the Actus Community Fund.

The Soldier and Family Assistance Center (SFAC) conducted an information fair at the Watertown Vets Center in conjunction with the Department of Veterans Affairs, both federal and state, Cornell University, Military Order of the Purple Heart, NYS Traumatic Brain Injury, Watertown Chamber of Commerce, and other veterans organizations in the local and surrounding community.

Watertown's Procurement Technical Assistance Center (PTAC) helped companies sell their products and services to Fort Drum and other federal, state and local government agencies. One local success is the River Rat Cheese Company who now supplies their cheese to the Commissary. A national success for a local company is Pro Patria of Castorland, NY, that won a contract to supply weapons accessory kits to Fort Carson, CO.

A conference on veterans' services hosted by Jefferson County Community Services, the Fort Drum Regional Health Planning Organization and the Institute for Professional Development in the Addictions brought together mental health professionals to learn how to obtain federal and state services available for veterans.

The Juvenile Disciplinary Control Board sponsored an informational roundtable that resulted in an agreement of how Fort Drum and the community can work together toward the common goal of combating juvenile delinquency. Participants included professionals from the community who deal with juveniles on a daily basis such as the Family Court Judge, the District Attorney, school administrators, law enforcement personnel from the City of Watertown, the New York State Police, and the Jefferson County Sheriff's Department.

Volunteers from Fort Drum's Military Council of Catholic Women (MCCW) and the Knights of Columbus, Carthage, renovated a bedroom at Brookhaven House, a crisis-pregnancy home in Carthage. The Brookhaven House provides women in crisis pregnancies a place to stay and links to services. The MCCW chooses projects in Fort Drum's surrounding communities that can benefit Soldiers and military Families.



Soldiers from 2nd Battalion, 14th Infantry Regiment participated in Flag Day activities at Evans Mills Primary School. Twelve Soldiers helped escort students and the American Flag during a short parade in the area surrounding the school and raised the flag with students at the school's flagpole.

A Soldier with the 10th Mountain Division, 3rd Brigade Combat Team, SSG James T. Slye Jr., served his community by ringing a bell for the Salvation Army's Red Kettle Campaign just before he deployed to serve his country.

The Directorate of Emergency Services (DES) Law Enforcement Division provided a police patrol vehicle and bike patrol officers for the General Brown Days Parade. The event allowed Fort Drum law enforcement personnel to support a local community event and continue to promote a positive image.



The Watertown Armed Forces Day Parade had themes to honor the Army's Year of the NCO, and to commemorate the 25th anniversary of Fort Drum becoming home to the 10th Mountain Division (Light Infantry). The Greater Watertown-North Country Chamber of Commerce hosted an Armed Forces Day luncheon and the Fort Drum United Service Organization (USO) hosted a concert featuring the Liberty Bells.

Through the Care to Share Program, residents and employees of Fort Drum Mountain Community Homes collected nearly 500 pounds of nonperishable food items for donation to local food pantries.



Actus Lend Lease employees refurbished the Fort Drum Boy Scout Troop 26 scout hut thanks to donations from several subcontractors and national suppliers who provided new cabinets, appliances, flooring, lighting and paint.



For Memorial Day, Fort Drum Cub Scout Pack 26, Boy Scout Troop 26, Girl Scout Troop 157, and the Jefferson County Chapter of the Children of the American Revolution helped place 120 flags on the graves of veterans buried at Watertown's North Cemetery. Fort Drum Cub Scout Pack 26 also donated over 100 new and used children's books to the North Country Children's Clinic as part of their "Seeds of Kindness" project.

Nineteen school superintendents took part in signing a memorandum agreement recognizing what Fort Drum does to support the local schools and what the schools do to support Fort Drum and their Families.

The Military Family Life Consulting program began in the Carthage and Indian River Central School districts. Military Family Life Consultants provide support to students who have deployed Family members. These consultants also train teachers about working with military Families. Military Family Life Consultants are now in three school districts.

Family Counseling Service of Northern New York now provides "Cool Kids" anger-control workshops on post for children of military members instead of Families having to travel to the agency's Watertown offices.

Alexandria Bay was the site of Riverfest again this year. At least 4,000 Soldiers and Family members participated in the all-day event, hosted by the Association of the United States Army (AUSA) and Fort Drum's Directorate of Family and Morale, Welfare and Recreation.



4-H Camp Wabasso in Redwood, NY, held a weekend Cosmic Camp for military children in June. The camp, hosted by Operation: Military Kids/4-H program was free to any child whose parent was an active duty, Reserve or National Guard Soldier.

Again this year, Aldersgate Camp & Retreat Center, Grieg, NY, in conjunction with the National Military Family Association, sponsored Operation Purple Summer Camp. The one-week camp gives children of military Families a chance to get away from the stress of a deployment and interact with other children experiencing the same thing.

The Watertown Family YMCA Project Strong Communities hosted a Healthy Kids Day at the New York State Zoo at Thompson Park, Watertown. Community organizations such as Cornell Cooperative Extension, American Kang Duk Won Karate Inc., YMCA Youth Sports, Watertown Red and Black football team, Watertown Fire Department, Watertown Police Department and Fort Drum Better Opportunities for Single Soldiers also participated.

The NY/NJ Chapter of Operation Homefront supplied Easter baskets and supplies for 200 Families. One hundred and seventy military Families picked up baskets and Family Readiness Groups received the rest of them.



The Directorate of Family and Morale, Welfare and Recreation and the Association of the United States Army (AUSA) held a Family Holiday Celebration at the Commons with a free pizza and pasta buffet, live performances, a visit from Santa and gifts for each child. The Youth Services Choir provided holiday music.



More than 1,500 Family members participated in "The Sesame Street Experience for Military Families," a live show aimed to help children and parents understand and talk about the difficulties of multiple deployments, homecomings, and changes in parents, whether physical or psychological.

AmeriCU Credit Union invited military Families to webcast holiday messages to their deployed loved ones. Operation Best Wishes set up a mobile webcast studio at the credit union and Families were able to record and send greetings. Operation Best Wishes is free to Families by America's credit unions through WesCorp Federal Credit Union and the Defense Credit Union Council.

The National Aquatic Service, Syracuse, provided equipment, instructors and therapeutic SCUBA diving lessons to Soldiers from the 3rd Battalion, 85th Infantry Warrior Transition Unit (WTU).

The American Legion Riders, Sackets Harbor Post 1757, held a poker run to benefit the 3rd Battalion, 85th Infantry Warrior Transition Unit. Money from registrations, 50/50 drawings, and donations from other Legion organizations resulted in a \$1,700 donation to the WTU.



The Fair Haven Fishing Association hosted a fishing event for wounded warriors. Several Fair Haven businesses supplied food and lodging for the event. Eight wounded warriors also joined the fourth annual Kids Fishing Day sponsored by the association, where special needs children learned how to fish.

The first "Bang a Drum for Fort Drum" fishing contest was held on Oneida Lake. Fourteen Soldiers made the trip to fish with local bass fishermen. Soldiers were provided Dunkin' Donuts coffee and donuts courtesy of Truax and Hovey and the New York Bass Anglers Sportsman Society (BASS) Chapter Federation. Gander Mountain provided goody bags and Soldiers received a brand new rod/reel combination to use. Luck O' the Irish Guide Service supplied lunch.



Veterans and wounded warriors from Warrior Transition Units in the northeast - Fort Drum, Walter Reed Army Medical Center, Fort Belvoir, VA, and the Veterans Affairs Hospital in Batavia participated in Central New York's first Project Healing Waters Fly Fishing Program at the Salmon River Fish Hatchery in Oswego County. The program is part of a nationwide project designed to help rehabilitate disabled active-duty military personnel and veterans through fly-fishing and fly tying activities.

The Twin Villages (Carthage and West Carthage) held their fifth annual Family style picnic to foster a sense of community and to welcome and honor their military residents and Families. Hamburgers, hotdogs, salads, desserts and beverages were provided free of charge to residents of Carthage, West Carthage and the towns of Champion and Wilna.

A group of Gouverneur residents who sent more than 1,000 care packages to Soldiers in Iraq held a welcome home potluck dinner for Soldiers at Jumbo's Diner in Gouverneur.

The Adirondack International Speedway hosted a Military Appreciation Day in June to say thanks to those who serve our country, as well as their Families who support Soldiers during long deployments. Soldiers and their Families received free admission to the races.

Kelly Services in Watertown partnered with Fort Drum Mountain Community Homes, LLC, to participate in "Cell Phones for Soldiers." This program collects cell phones and cash donations to purchase prepaid calling cards for Soldiers.

As a part of a nationwide event, Applebee's Neighborhood Grill & Bar restaurant in Watertown offered complimentary meals to veterans and active duty service members on Veterans Day.



During the week of Independence Day, more than 2,000 flags decorated a two-acre field in Adams Center, NY, each honoring a community or military service member, living or deceased. Sponsored by the Trauma Response Assistance for Children Team and the Backyard Farmer "Freedom Field" provided an interactive and patriotic environment to celebrate our freedom represented by the American Flag.

Fort Drum conducted a Retiree Appreciation Day in September to recognize and support military retirees, veterans and their Families. Representatives from on and off post organizations were available to discuss veterans' benefits, financial planning, legal assistance, preventative health issues, help update personal information in the Defense Enrollment Eligibility Reporting System (DEERS) and ID cards, and to showcase the wide variety of services available on post.

The Equal Employment Opportunity (EEO) Office sponsored Disability Awareness Workshops on "Communicating Respectfully and Effectively with People with Disabilities" and "Deaf Savvy." These free workshops were open to the Fort Drum community and the public to provide an overview of best practices in interacting with people with disabilities in respectful and meaningful ways, addressed deaf culture issues and provided basic instruction in American Sign Language.

The Officers' Spouses' Club hosted a 2009 Women's Conference, "Bloom Where You Are Planted!" The conference was open to military and civilian women from Fort Drum and surrounding communities and topics included women's health, children, hobbies, Family activities and making a positive impact regardless of one's stage in life.

Again this year, the local community joined us for Mountainfest. The grand finale was a free two-day air show. World War II and vintage aircraft were on display as well as helicopters, tactical vehicles and other military equipment.



The Fort Drum Historical Collection hosted its second annual Military History Timeline. This free and open to the public even followed the Armed Forces Day Parade in Watertown and offered an array of historic period clothing and activities to include re-enactors, firing demonstrations, a scavenger hunt for kids, and historic themed movies on the lawn at dusk.



In May, anglers were invited to fish free of charge in all open recreational areas on Fort Drum. Fort Drum's free fishing day coincided with the 13th Annual Youth Fishing Derby at Remington Park. The free fishing day is sponsored in part by the New York State Department of Environmental Conservation (NYSDEC) in coordination with Fort Drum's Fish and Wildlife Management Program. The Fish and Wildlife Management Office publishes a brochure *Angling on Fort Drum* that provides directions to 25 angling sites on 12 different bodies of water on Fort Drum.

Six sites on Fort Drum are available for disabled access hunting with shotgun and/or bow for small or big game. Other persons can assist in hunting, but they may not possess a weapon. All persons participating or assisting must have a NYSDEC hunting license and Fort Drum Recreation Permit.



Fort Drum sponsored a birding field trip in conjunction with International Migratory Bird Day. Participants met at the Natural Resources Permit Office and carpoled through the training areas, stopping frequently to see a variety of habitats and the birds they support.

For the past two winters, Fort Drum was one of two study sites for a ruffed grouse survival project conducted by the NYSDEC and the State University of New York College of Environmental Science and Forestry (SUNY-ESF) in Syracuse.



Fort Drum's Fish & Wildlife Management Program worked with biologists from the NYSDEC to capture and assess little brown bats at the LeRay Drive bat house for White Nose Syndrome.

To reduce the impact on the area's Indiana bat population, New York State Department of Transportation (DOT) planners working on the Fort Drum connector road project worked with the US Department of Fish and Wildlife to mitigate the project's environmental impact, including its effects on the federally designated endangered species that live in the area. The DOT also worked with the NYSDEC Region 6 to mitigate the road project's effect on grassland birds.

For the second year in a row, the installation's Cultural Resources Management Team received a Secretary of Defense Environmental Award for protecting and preserving archaeological sites, while supporting operational missions. During the past 15 years, the team has found 200 Native American ancestral locations and 160 historic buildings, including farms, sawmills, schools and churches.

Sixteen members of the Interact Club, Rotary International's service club for young people, visited Fort Drum in April to talk with and observe Soldiers in action. They watched Soldiers conducted routine training with the engagement skills trainer and observed several other training scenarios. Their final stop was the Language and Cultural Awareness Center, where they learned about Middle Eastern cultures.

About 100 community members experienced life as a Soldier on Fort Drum during the "Spend a Day with Your Soldiers" event in May.



The Fort Drum Regional Health Planning Organization teamed with the Northern Area Health Education Center, Canton, and the Northern New York Community Foundation, Watertown, to provide the health related internships for five students. The program promotes local educational programs for health careers as well as jobs within Jefferson, Lewis and St. Lawrence counties.

The DES Law Enforcement Division hosted a job shadow student from Indian River School. The student observed several duties of a law enforcement officer in a military setting. His interaction with both Military Police and DA Police provided him with several options for future career choices.

For up-to-the-minute news on Fort Drum, make sure to bookmark www.drum.army.mil in your internet browser. Via our website, everyone has access to our weekly post newspaper, *The Mountaineer*, and our broadcast updates from our post television station, DrumTV (Channel 13). Press releases and a host of other useful information are also on Fort Drum's official website. Fort Drum Family and Morale, Welfare and Recreation (search Fort Drum FMWR) is your go-to location on Facebook, and we're on Twitter too (search 10thMountainDiv)!



CONCLUSION: \$1,502,834,542 IN FY09 --- \$13,764,342,782 TO DATE
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The total economic impact of a military installation on a geographic area is difficult to calculate. For the purpose of this report, outflow of military expenditures from the tri-county area has not been estimated, nor have expenditures by the National Guard and Reserve Soldiers who train at Fort Drum. Analysis of the direct expenditures from Fort Drum highlights the post's importance to Northern New York and New York State's economic well-being. The continuing impact of Fort Drum's spending on the community is substantial and totaled over \$1,502,834,542 in FY09. Total spending from FY88 to date exceeds \$13,764,342,782.

FY09 Spending By Category	
Payrolls (Military, Civilian, Contractor, Retiree)	\$1,124,292,746
Medical/Dental Supplies & Services	\$29,798,996
Veterinary Supplies & Services	\$800
Army Community Housing	\$2,660,419
Domestic Leases	\$2,032,660
FDMCH Local Dollars Expended	\$98,851,197
Contracts Awarded by MICC-DOC Fort Drum	\$72,033,455
Contracts Awarded by COE	\$113,200,000
Contracts Centrally Funded/Awarded by Others	\$39,164,725
NAF Local Purchases	\$2,061,544
Federal Impact Aid	\$17,567,049
Education (Tuition Assistance/Contracts)	\$718,227
PX/Commissary Equip Service & Maintenance	\$452,724
TOTAL	\$1,502,834,542

CUMULATIVE INVESTMENT FY88 TO DATE

Fiscal Year	Amount
1988	\$271,715,512
1989	\$332,094,861
1990	\$317,301,075
1991	\$371,844,455
1992	\$365,671,927
1993	\$383,470,275
1994	\$377,435,633
1995	\$389,289,789
1996	\$397,281,856
1997	\$392,901,745
1998	\$432,415,785
1999	\$404,863,008
2000	\$441,510,994
2001	\$465,413,254
2002	\$519,853,426
2003	\$529,736,252
2004	\$652,902,907
2005	\$821,377,368
2006	\$1,247,658,930
2007	\$1,463,781,777
2008	\$1,682,987,413
2009	\$1,502,834,542
TOTAL	\$13,764,342,783

FORT DRUM AT A GLANCE

Capital Assets	
Surfaced Roads (Miles)	158.68
Unsurfaced Roads (Miles)	246.0
Runways/Taxiways/Parking Aprons (Sq Yds)	1,853,653.0
Parking (Sq Yds)	3,084,820.3
Sidewalks (Sq Yds)	481,644.5
Electric Lines (Each)	2,135,166.1
Water Lines (Linear Feet)	1,079,666.0
Gas Lines (Linear Feet)	343,820.0
Sanitary Sewer Lines (Linear Feet)	547,512.0
Storm Sewer Lines (Linear Feet)	327,731.2
Fence (Linear Feet)	587,741.1
Railroad Trackage (Miles)	12.8
Communication Lines (Miles)	426.4
Airfield Lighting (Linear Feet)	195,935.2
Fuel POL Lines (Miles)	4.0

Real Property	
Type	Square Feet
Training Buildings	567,535.2
HQ & Unit Supply	1,612,528.0
Maintenance	1,872,822.0
Warehouse	1,336,871.0
Administration	401,663.0
Chapels/Religious Education	43,457.0
Transient Quarters	222,268.0
Troop Billeets	2,383,397.0
Dining Facilities	140,817.0
On-Post Family Housing	4,889,906.0
DFMWR	514,399.0
PX/Clothing	282,612.0
Commissary	82,800.0
Medical Facilities	240,130.0
Miscellaneous	383,331.7
TOTAL	14,974,536.9

Real property consists of lands and improvements to land, buildings, and structures, including improvements and additions, and utilities. It includes equipment affixed and built into the facility as an integral part of the facility (such as heating systems), but not movable equipment (such as plant equipment). In many instances, this term is synonymous with "real estate" (AR 405-45).

Tenant Organizations
102nd Maintenance Company (DS) NY Army National Guard
174th Infantry Brigade, 1A-E (1st Army East)
62d MP Det (CID)
725th Ordnance Company (EOD)
902nd Military Intelligence Group, Fort Drum Field Office
7th Engineer Battalion
Army & Air Force Exchange Service (AAFES)
Mission & Installation Contracting Command, Enterprise & Installation Operations, Directorate of Contracting (IMCC DOC-Fort Drum)
Defense Commissary Agency (DeCA)
Defense Logistics Agency (DLA)
Defense Finance & Accounting Service (DFAS), 33d Finance Management Company
Defense Military Pay Office (DMPO)
99th Regional Support Command (99th RSC) Equipment Concentration Site #1 (ECS #1)
Office of Personnel Management (OPM) Federal Investigative Service (FIS)
Army Field Support Battalion (AFSBn-Drum)
Non-Commissioned Officer Academy (NCOA)
174th Fighter Wing (NYANG/F-16)
US Air Force, 20th Air Support Operations Squadron (ASOS)
US Army Corps of Engineers (USACE), Fort Drum Resident Office
US Army Civilian Human Resource Agency (CHRA)
US Army Dental Activity (DENTAC)
US Army Legal Service, Trial Defense Service (TDS)
US Army Medical Department Activity (MEDDAC)
US Army Veterinary Command (VETCOM)
US Army Signal Network Enterprise Center (NEC) - Fort Drum
American Red Cross
AmeriCu Credit Union
Black River Generation LLC
Fort Drum Thrift Shop
Jefferson County Department of Motor Vehicles
Key Bank
NYS Department of Labor
NYS Department of Veterans Affairs
US Postal Service (USPS)
United Services Organization (USO)

In addition to the 10th Mountain Division (Light Infantry), Fort Drum is either the home installation or training installation to a number of other units from various branches and components of service to include Active, Reserve, Joint, Allied, and Interagency (Customs, FBI, state, local emergency services) organizations. There are also many non-government and private organizations located on Fort Drum.

Contractors	
AFC Corp	J M Waller Associates
Allen Corporation of America	Janus Research Group
Alutiq, LLC	Jefferson Rehabilitation Center
aXseum	L3 Communications
BAE Systems, Inc	Lawman Heating and Cooling
Battelle	Lions Club Industries for the Blind
Booz Allen Hamilton	Lockheed Martin
CAV International	Lear Sigler
Chickasaw Nation Industries	Managed Health Network
Chugach Alaska Corporation	Mantech International Corp
Colorado State University	Military Professional Services, Inc.
Columbia College	Millennium Health and Fitness
Computer Sciences Corporation	North Operations & Maintenance
Control Systems Research (CSR)	Omega Quality Services Enterprise
Cornell Cooperative Extension Assn of Jefferson Co	Parsons Technology
DPI	Purcell Construction
DRS Technologies	Raydon
DS2	Raytheon
Eagle Support Services Corp	Science Applications International
Engineering & Environmental, Inc	SERCO
ESP	State University of New York
Favata Bakery (deli/bakery)	Strategic Resources Inc
FDMCH, LLC (Actus Lend Lease)	Syracuse Linen Supply
General Dynamics	TW & Company
Honeywell	Unitech America, Inc
Integrity Management Custodial Services	Victims Assistance Center of Jefferson County
Independent Contractors for Medical Services	Wayseekers Framing Gallery
Indtai, Inc	Westar Group

Contractors represented here have a contract with the Army that requires the use of facilities on the installation. This list is current at time of publication and may change throughout the year. This list excludes contractors who might come onto the installation during the working day to perform services while maintaining offices elsewhere.

FORT DRUM TRANSFORMATION

Transformation population data provided by PAI
 TRICARE enrollment data provided by MEDDAC
 Facilities update provided by Public Works

Transformation (Dec 03 - Sep 07) has meant growth for the 10th Mountain Division (Light Infantry) and Fort Drum. Pre-transformation and current population data (includes Soldiers assigned to 10th Mountain Division, Garrison and tenant units) are shown below.

Category	31 Dec 03 Population Pre-Transformation	30 Sep 09 Population
Soldiers	10,729	18,023
Family Members	10,590	17,222
Total Population	21,319	35,245

Current population column reflects September 2009 TRICARE enrollments as our data source. Family member data equals all TRICARE eligibles (other than active duty) by zip code for our four county area (Lewis, Jefferson, Oswego and St. Lawrence) within a 40 mile radius (our TRICARE area for eligibility and enrollment purposes) in addition to the eligibles in the Syracuse area.

TRICARE is the health benefits program for all the uniformed services. All active duty members and their Families, retirees and their Families and survivors who are not eligible for Medicare may participate. Additionally, those individuals under age 65 who are eligible for Medicare because of disability or end-stage kidney disease may participate.

Soldiers and Family members must register in the Defense Enrollment Eligibility Reporting System (DEERS) to be eligible for any TRICARE benefits. DEERS is a computerized database of military sponsors, Families and others worldwide who are entitled under the law to TRICARE benefits. Active-duty and retired service members are automatically registered in DEERS, however they must register their Family members and ensure they are correctly entered into the database.

In 2009, approximately 701,289 square feet of new facilities were completed, with an estimated value of \$205M. Permanent construction includes barracks buildings, company headquarters buildings, and tactical equipment maintenance facilities. Other permanent construction completed include a Child Development Center (CDC) for 0-5 years, AAFES PX expansion, Commissary upgrade, RCI homes, and a dental clinic.

ECONOMIC FORECAST...

MCA construction update provided by Public Works

Ongoing MCA construction projects totaling approximately \$308M include a Child Development Center (CDC) for 0-5 years, RCI homes, Maneuver Area Training Equipment Site (MATES) expansion, barracks, and a BCT dining facility. Additional ongoing construction projects include Guthrie Medical Clinic expansion, fire station, unit maintenance facilities for a cargo truck company and a quartermaster company, Army Reserve Center, and warrior in transition barracks and company operations facilities. Also included in ongoing construction projects are battalion headquarters, company headquarters, barracks, a dining facility and tactical equipment maintenance facilities for the Military Police (MP) and Engineer (EN) battalions.

MCA construction planned for FY10, approximately \$93M, includes barracks, water system expansion, all weather marksmanship facility indoor range, and warrior in transition barracks, battalion headquarters, and a Soldier & Family Assistance Center.

MCA construction planned for FY11, approximately \$229M, includes a training support center, operational readiness training complex, infantry squad battle course, aircraft fuel storage complex, aircraft maintenance hangar, and engineer battalion facilities.

MCA construction planned for FY12, approximately \$171M, includes ammunition supply point expansion, alert holding area facility, railhead expansion, chapel expansion, infrastructure upgrades, health clinic, and dental clinic expansion.

MCA construction planned for FY13, approximately \$309M, includes physical fitness facility, central issue facility, Hays Hall expansion, sustainment brigade facilities, combat aviation brigade facilities, ordnance and military police battalion facilities.

MCA construction planned for FY14, approximately \$14.2M, includes a Family Life Center.

MCA construction planned for FY15, approximately \$153M, includes baffle ranges and combat aviation brigade facilities.



Fort Drum's growth will continue to play an increasingly significant role in the North Country economy. The Soldiers, spouses and their children stationed at Fort Drum, the majority of whom live in the communities surrounding Fort Drum, will be the driving force to continued economic growth and development in the tri-county area. Fort Drum enjoys the highest reenlistment rate in the Army for Soldiers reenlisting for their current duty station - a credit to the Army, Fort Drum and the North Country.

As the Army modular force deploys to fight and win our Nation's challenges, our focus at Fort Drum, using the Army's triple bottom line of mission, community and environment, is to become a sustainable installation that simultaneously meets mission requirements, protects human health and safety, enhances quality of life inside and outside the gate, and safeguards the natural environment.



This booklet was prepared by the Plans, Analysis and Integration Office
Fort Drum, NY 13602

