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*Certified Public Accountants*

July 3, 2018

Honorable City Council  
City of Tonawanda, New York:

We have audited the financial statements of the City of Tonawanda, New York (the “City”) as of and for the year ended December 31, 2017, and have issued our report thereon dated July 3, 2018, which report expresses an adverse opinion on the reporting entity since the financial statements do not include the financial data for the City’s legally separate component unit. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated December 12, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings and comments regarding material weaknesses and a significant deficiency over financial reporting and other matters noted during our audit in separate communications to you dated July 3, 2018.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. The City has adopted certain Governmental Accounting Standards Board ("GASB") statements as described below. Otherwise, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

During the year ended December 31, 2017, the City implemented GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements No. 74, 81, and 82 did not have a material impact on the City's financial position or results from operations.

The City has not implemented the requirements of GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the City's financial statements for the year ended December 31, 2017 were the liabilities for compensated absences, workers' compensation, landfill post-closure costs, pollution remediation obligation, net pension and other postemployment benefits.

Management's estimate of the liability for compensated absences is based on available information regarding eligibility, leave balances accrued and current compensation rates. The estimates for the workers' compensation liability, landfill post-closure costs and pollution remediation obligation are based on past trends and estimates of third parties. Lastly, managements estimate for net pension liability and other postemployment benefits liability are based on actuarial valuations. We evaluated the key factors

and assumptions used to develop these liabilities and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The proposed adjusting journal entries for the year ended December 31, 2017 including those material misstatements that we identified as a result of our audit procedures, were brought to the attention of, and corrected by management, are attached to the management representation letter dated July 3, 2018 as Exhibit I (copy attached).

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated July 3, 2018.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

### **Modification of the Auditor's Report**

We have made the following modification to our auditor's report:

Our report expresses an adverse opinion on the reporting entity since the financial statements do not include the financial data for the City's legally separate component unit.

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This report is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

*Drescher & Malecki LLP*

July 3, 2018



# CITY OF TONAWANDA, NEW YORK

CITY TREASURER'S OFFICE

200 Niagara Street · Tonawanda, New York 14150-1099

Phone: (716) 695-8629

Fax: (716) 695-8315

**JOSEPH HOGENKAMP**

*Treasurer*

**COLEEN OVERHOLT**

*Deputy City Treasurer*

July 3, 2018

Drescher & Malecki LLP  
3083 William Street, Suite 5  
Buffalo, New York 14227

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Tonawanda, New York (the "City"), as of December 31, 2017 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 3, 2018:

## Financial Statements

- ① We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 12, 2017, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- ① We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- ① We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- ① We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- ① We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- ④ We have a process to track the status of audit findings and recommendations.
- ④ We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- ④ Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- ④ Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- ④ All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- ④ There are no identified material uncorrected misstatements.
- ④ The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- ④ The City has elected not to evaluate potential component units nor consider them for inclusion to the reporting entity.
- ④ All funds and activities are properly classified.
- ④ All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- ④ All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- ④ Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- ④ All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- ④ All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- ④ All interfund and intra-entity transactions and balances have been properly classified and reported.
- ④ Deposit and investment risks have been properly and fully disclosed.

- ⓪ Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- ⓪ All required supplementary information is measured and presented within the prescribed guidelines.

### **Information Provided**

- ⓪ We have provided you with:
  - ⓪ Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - ⓪ Additional information that you have requested from us for the purpose of the audit; and
  - ⓪ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ⓪ All transactions have been recorded in the accounting records and are reflected in the financial statements.
- ⓪ We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- ⓪ We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - ⓪ Management;
  - ⓪ Employees who have significant roles in internal control; or
  - ⓪ Others where the fraud could have a material effect on the financial statements.
- ⓪ We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- ⓪ We have disclosed to you all known litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- ⓪ We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- ⓪ There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- ⓪ The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- ⓪ We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.

① We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

① For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

① We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

① We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

① There are no:

① Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

① Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

① Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

① Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

① The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

① We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

## **Required Supplementary Information**

With respect to the required supplementary information accompanying the financial statements including Management's Discussion and Analysis:

- ④ We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- ④ We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- ④ The methods of measurement or presentation have not changed from those used in the prior period.

## **Other Specific Representations**

- ④ Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
- ④ Management has disclosed whether, subsequent to December 31, 2017, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses), have occurred.
- ④ The City is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes that such an allowance is not necessary at December 31, 2017.
- ④ We have no intention of withdrawing from multi-employer pension plans, or taking any other action that could result in an effective termination or reportable events for any of the plans. We are not aware of any occurrences that could result in the termination of any of our multi-employer pension plans to which we contribute. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purpose are appropriate in the circumstances.
- ④ We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
- ④ We agree with the work of specialists in evaluating the liabilities for worker's compensation insurance liability, judgments and claims liability, net pension liability and other postemployment benefits and have adequately considered the qualifications of the specialists in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to the specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.

④ On December 31, 2009, the City was issued Order on Consent #R9-20090408-23 by the New York State Department of Environmental Conservation (“NYSDEC”) for its violation of Article 17 of the Environmental Conservation Law and its implementing regulations found in Title 8 and 6 of the Official Compilation of the Codes, Rules and Regulations of the State of New York which govern the control and prevention of water pollution. As part of this notice the City conducted and submitted a system-wide Sanitary Sewer System Evaluation Survey (SSES) to reduce wet weather flows and eliminate sanitary sewer overflows in the City of Tonawanda. As of December 31, 2017, the NYSDEC has required that the City commit an estimated \$10,800,000 in capital outlays over the next four years to remedy the above mentioned sanitary sewer overflows.

④ The City labor agreements and City Council rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. Estimated sick leave and compensatory time accumulated by governmental fund type employees has been recorded as a liability and expenditure in the government-wide financial statements. Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payments become due.

④ Although management has not included financial information for the Tonawanda Housing Authority (“the Authority”), as a component unit of the City, on its financial statements, the City has reviewed the financial statements for the Authority for the year ended March 31, 2017. The Authority has an \$292,105 operating deficit as of March 31, 2017; the Authority has not recorded this amount as a receivable from the City. Management asserts that they have communicated with the Authority and that as of the City’s fiscal year end the Authority does not anticipate any subsidy from the City and therefore, no associated liability or expenditure has been recorded on City’s books. Management does not consider the Authority’s financial activity or position material to the City’s financial statements.

④ The City is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the City vigorously defends assessments, the likelihood of success is on a case-by-case basis, and is dependent upon many factors including market values and appraised amounts. No potential amount or potential range of loss is determinable. However, management believes that level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

④ We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

④ The City is in compliance with the Office of the New York State Comptroller’s reporting requirements relating to the New York State property tax cap and tax freeze legislation.

④ The City considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2017, the City reported no significant encumbrances.

④ We have received and approve the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements. We have posted these adjusting journal entries to our records. The proposed adjusting journal entries are prescribed in Exhibit I.

④ We have not completed the process of evaluating the impact that will result from adopting GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than*

*Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018, No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019, and No. 87, *Leases*; and No. 89, *Accounting for Interest Costs before the End of a Construction Period*, effective for the year ending December 31, 2020, as discussed in Note 1 to the financial statements. The City is therefore unable to disclose the effect that adopting the guidance in GASB Statements No. 75, 83, 84, 85, 86, 87, 88 and 89 will have on its financial position and the results of operations when such statement is adopted.

⊖ The City has nonspendable fund balance of \$411,752. Additionally, the City reports restricted fund balance of \$346,788 for tax stabilization (\$200,000), insurance (\$137,613), revolving loans (\$8,175) and historical restoration (\$1,000). The City has assigned fund balance of \$1,388,870 for subsequent year's expenditures (\$100,000), workers' compensation (\$331,973), with the residual balance assigned to specific use (\$956,897).

⊖ The City's Capital Projects Fund reported a fund deficit of \$2,105,142. The City anticipates that these deficits will be eliminated through future bond issuances.

⊖ In addition to audit services, based on information in the City's trial balance, Drescher & Malecki LLP has assisted the City in preparing the City's financial statements for the year ended December 31, 2017. In conjunction with the preparation of the financial statements, the City has performed the following functions:

⊖ Made all management decisions and performed all management functions.

⊖ Designated Joseph M. Hogenkamp, City Treasurer, whom we believe has suitable skill, knowledge, and/or experience who has overseen this service.

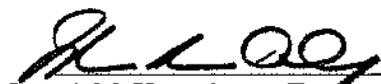
⊖ Evaluate the adequacy and results of the services performed.

⊖ Accept responsibility for the results of the services.

⊖ City management understands that Drescher & Malecki, LLP has not performed any management functions or made management decisions on behalf of the City. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.



Rick Davis, Mayor



Joseph M. Hogenkamp, Treasurer

City of Tonawanda, New York  
Proposed Adjusting Journal Entries  
For the Year Ended December 31, 2017

Exhibit I

	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 1</b>		
To reclassify workers' compensation activity posted directly to fund balance.		
1.9040.0800 WORKMEN'S COMPENSATION INS	\$ 121,270	
1.888 RESERVE FOR WORKMEN'S COMP.		\$ 121,270
<b>Total</b>	<b><u>121,270</u></b>	<b><u>121,270</u></b>
<b>Adjusting Journal Entries JE # 2</b>		
Reporting Entry: To reclassify BAN activity.		
1.9901.0900 A Transfers Out   TRANSFER OUT DEPT-TRANSFER OUT	360,182	
8.9901.0900 TRANSFER OUT	30,000	
1.9710.0600 PRINCIPAL		360,182
8.9710.0600 PRINCIPAL ON BONDS		30,000
<b>Total</b>	<b><u>390,182</u></b>	<b><u>390,182</u></b>
<b>Adjusting Journal Entries JE # 3</b>		
Reporting Entry: To reclassify bond payment to General Fund.		
1.9710.0600 PRINCIPAL	25,000	
1.9710.0700 INTEREST	6,930	
41.9901.0900 H Transfers Out   Transfer Out	31,930	
1.5031 TRANSFER IN		31,930
41.9710.0600 DEBT SERVICE PRINCIPAL		25,000
41.9710.0700 INTEREST		6,930
<b>Total</b>	<b><u>63,860</u></b>	<b><u>63,860</u></b>
<b>Adjusting Journal Entries JE # 4</b>		
To adjust the City's long-term liabilities as of 12/31/2017.		
15.638 NET PENSION LIABILITY PROP SHARE	2,257,072	
15.650 LANDFILL POSTCLOSURE COSTS	20,000	
15.688 POLLUTION REMEDIATION OBLIG	2,900,000	
15.125 PROVISIONS TO BE MADE IN FUTUR		5,177,072
<b>Total</b>	<b><u>5,177,072</u></b>	<b><u>5,177,072</u></b>
<b>Adjusting Journal Entries JE # 5</b>		
Reporting Entry: To reclassify Special Purpose Fund balances at 12/31/2017.		
112.200 SR Cash   CASH	86,264	
14.100 FIRE DEPT. DONATIONS	4,784	
14.105 VETERANS' PARK IMPROVEMENTS	42,387	
14.106 TREE MEMORIAL	7,141	
14.110 RECREATION SPECIAL EVENT ACCOUNT	8,940	
14.34 YOUTH COURT	3,078	
14.93 JR POLICE ACADEMY	751	
14.95 DRUG SEIZURES	15,562	
14.97 ANTI-DRUG RECOGNITION FUND	2,759	
14.99 D.A.R.E.	862	
112.100 Special Revenue Liabilities   FIRE DEPARTMENT DON.		4,784
112.105 Special Revenue Liabilities   VETERANS PARK IMPR.		42,387
112.106 Special Revenue Liabilities   TREE MEMORIAL		7,141
112.110 Special Revenue Liabilities   RECREATION DEPARTMENT		8,940
112.34 Special Revenue Liabilities   YOUTH COURT		3,078
112.93 Special Revenue Liabilities   Jr Police Academy		751
112.95 Special Revenue Liabilities   DRUG SEIZURE		15,562
112.97 Special Revenue Liabilities   ANTI-DRUG RECOGNITION		2,759
112.99 Special Revenue Liabilities   D.A.R.E.		862
14.200 CASH-CHECKING		86,264
<b>Total</b>	<b><u>172,528</u></b>	<b><u>172,528</u></b>

City of Tonawanda, New York  
Proposed Adjusting Journal Entries  
For the Year Ended December 31, 2017

Exhibit I

	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 6</b>		
To adjust the General Fund IBNR liability as of 12/31/2017.		
1.604 HEALTH INSURANCE CLAIMS IBNR	668	
1.9060.0800 HOSPITAL INSURANCE		668
<b>Total</b>	<b><u>668</u></b>	<b><u>668</u></b>
<b>Adjusting Journal Entries JE # 7</b>		
To adjust sales tax accrual.		
1.440 DUE FROM OTHER GOVERNMENTS	665,939	
1.1120 ERIE COUNTY SALES TAX		665,939
<b>Total</b>	<b><u>665,939</u></b>	<b><u>665,939</u></b>
<b>Adjusting Journal Entries JE # 8</b>		
To adjust OPEB liability per GASB 45 actuary report.		
15.125 PROVISIONS TO BE MADE IN FUTUR	857,526	
15.683 OTHER POST EMP BENEFITS(OPEB)		857,526
<b>Total</b>	<b><u>857,526</u></b>	<b><u>857,526</u></b>
<b>Adjusting Journal Entries JE # 9</b>		
To adjust workers' compensation liability based on third party specialist report, and associated fund balance amount.		
1.909 FUND BALANCE	3,287	
15.125 PROVISIONS TO BE MADE IN FUTUR	335,892	
1.888 RESERVE FOR WORKMEN'S COMP.		3,287
15.686 LONG TERM WORKERS COMP PAYABLE		335,892
<b>Total</b>	<b><u>339,179</u></b>	<b><u>339,179</u></b>
<b>Adjusting Journal Entries JE # 10</b>		
To record serial bonds payable based on debt issuances and payments.		
15.125 PROVISIONS TO BE MADE IN FUTUR	1,414,834	
15.628 SERIAL BONDS PAYABLE		1,414,834
<b>Total</b>	<b><u>1,414,834</u></b>	<b><u>1,414,834</u></b>
<b>Adjusting Journal Entries JE # 11</b>		
To record capital leases activity.		
1.9710.0600 PRINCIPAL	13,305	
1.9710.0700 INTEREST	2,084	
15.685 INSTALLMENT PURCHASE DEBT	13,305	
1.3410.0201 VEHICLES		15,389
15.125 PROVISIONS TO BE MADE IN FUTUR		13,305
<b>Total</b>	<b><u>28,694</u></b>	<b><u>28,694</u></b>
<b>Adjusting Journal Entries JE # 12</b>		
To adjust compensated absences liability.		
15.125 PROVISIONS TO BE MADE IN FUTUR	152,831	
15.687 COMPENSATED ABSENCES PAYABLE		152,831
<b>Total</b>	<b><u>152,831</u></b>	<b><u>152,831</u></b>
<b>Adjusting Journal Entries JE # 13</b>		
To record Library Fund activity.		
111.200 PL Cash   CASH - CHECKING	50	
111.201 PL Cash   CASH - SAVINGS	14,558	
111.7410.0400 H Culture & Recreation   CONTRACTUAL EXPENDITURES	14,806	
111.2041 H Use of Money & Property   USE OF MONEY & PROPERTY		2
111.2082 H Departmental Income   DEPARTMENTAL INCOME		15,431
111.631 PL Due to other Govs   DUE TO OTHER GOVERNMENTS		13,981
<b>Total</b>	<b><u>\$ 29,414</u></b>	<b><u>\$ 29,414</u></b>