



City of Oneonta, New York

Financial Report

December 31, 2019

City of Oneonta, New York

Financial Report

December 31, 2019

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Independent Auditor's Report

Mayor and Members of the Common Council
City of Oneonta, New York
Oneonta, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oneonta, New York (City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
December 18, 2020

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

This section of the City of Oneonta, New York's (City) annual financial report presents its discussion and analysis of the City's financial performance during the year ended December 31, 2019. Please read it in conjunction with the City's financial statements, which immediately follow this section.

Summary

For the year ended December 31, 2019, the City continued to maintain a healthy and stable financial position. Despite challenges such as slow tax base growth and state mandates (i.e., the property tax cap), the City continues to remain fiscally diligent by closely monitoring revenues, controlling expenses, committing funds to capital reserves for future capital investment, and utilizing fund balance for one-time type expenditures.

In reviewing the attached financial statements, it is important to recognize critical steps the City has taken in recent years to improve its financial stability. These efforts have assisted in maintaining long-term financial solvency, while building fund balance and investing in capital equipment, facilities, and infrastructure. These points include:

- The utilization of a multi-year planning tool to forecast financial trends.
- Continued strength in unassigned fund balance and healthy operations in the general, water, and sewer funds.
- The commitment of surplus to reserve funds for one-time equipment purchases and infrastructure and facility improvements.
- The formal adoption of financial policies, including a Fund Balance Policy, Investment Policy, and Debt Management Policy.

Financial Highlights

- As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$19,668,590, a decrease of \$2,897,082 in comparison with the prior year. The General Fund decreased \$843,517, Special Revenue Funds decreased \$60,535, the Capital Projects Fund decreased \$1,972,120 and the Debt Service Fund decreased \$20,910. The primary reason for the decreases are due to awaiting bond proceeds and grant revenues to fund various projects. The General Fund decrease was primarily due to the use of Reserves for equipment purchases.
- Once again, the City maintained compliance with the New York State Tax Cap provisions. The City's 2019 tax levy was \$4,676,252, an increase of zero dollars (0%), however, the Library's 2019 tax levy was \$467,394, an increase of \$9,348 (2.04%). Refer to Note 11 for further information regarding property taxes.
- The City's total bonds payable decreased by \$1,030,000 during the current year and the City's Installment Purchase Debt decreased by \$225,238.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Financial Highlights - Continued

- Following are the highlights for the total 2019 Capital Projects expenditures of \$5,539,332:
- | | |
|--|--------------|
| • Street projects | \$ 1,087,934 |
| • Street lighting | 437,892 |
| • Airport projects | 101,192 |
| • Downtown Revitalization Initiative (DRI) projects | 307,400 |
| • Damaschke grand-stand demolition & improvements | 541,575 |
| • Library improvements | 237,284 |
| • Wastewater treatment plant improvements | 91,892 |
| • Lower Reservoir Dam improvements | 1,081,920 |
| • Wilber Lake Upper Reservoir Dam improvement | 74,727 |
| • Water Plant SCADA replacement | 314,300 |
| • Water main project from Main Street to East End Avenue | 1,261,821 |
| • Other | 1,395 |
- Funding of \$1.1 million from federal and state grants was realized for various capital projects, including those indicated above.
- Community Development Grants: More than \$2.1 million was received in grants with approximately \$670,000 being invested into public facilities capital projects and over \$1.7 million being granted or loaned to home and business owners within the City.
- Capital Reserve Fund additions:
- | | |
|-------------------------|------------|
| ▪ General Fund: | |
| • Public Safety | \$ 250,000 |
| • Highway Equipment | 250,000 |
| • Streets and Sidewalks | 150,000 |
| • Parks and Recreation | 100,000 |
| • Buildings | 250,000 |
| • Water Fund Equipment | 400,000 |
| • Sewer Fund Equipment | 200,000 |
- Capital Fund reserve expenditures:
- | | |
|------------------------------------|------------|
| • Public Safety | \$ 128,849 |
| • Highway Equipment - General Fund | 333,190 |
| • Streets & Sidewalks | 302,887 |
| • Equipment - Water Fund | 71,227 |
| • Equipment - Sewer Fund | 373,727 |

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Financial Highlights - Continued

- Capital Fund reserve outstanding encumbrances
 - General Fund:
 - Public Safety \$ 60,719
 - Highway Equipment 31,231
 - Parks & Recreation 4,170
- Other Reserves: The City had restricted donations reserved for the purchase of two ambulances. During 2019 two ambulances including power loading cots were purchased at a total cost of \$487,361 utilizing restricted donations of \$446,139.
- The City presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis - For State and Local Governments*. In accordance with GASB 34, the City presents both its fund level statements and two additional statements, the statement of net position and the statement of activities, collectively referred to as the "government-wide" financial statements which are presented on the accrual basis of accounting. In addition, reconciliations of fund-based financial statements to the government-wide statements are included.

Overview of the Financial Statements

This annual report consists of three components: management's discussion and analysis (this narrative), the financial statements, including footnotes, and the required supplementary information. The financial statements include three statements that present different views of the City:

- The government-wide financial statements provide the City's information as a whole and present a longer-term view of the City's overall finances.
- The fund financial statements focus on individual components of the City, reporting the City's operations in more detail than the government-wide statements. The governmental fund statements report the services financed in the short term as well as what remains for future spending. The proprietary fund statements report the operations of those activities for which the City charges customers for the service it provides.
- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that provide additional information that is essential to a full understanding of the data provided in the statements. The statements are followed by a required supplementary information section that further details and supports the financial statements.

Government-Wide Statements

The government-wide statements report the City's information as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the City from the economic resources' measurement focus using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These statements also include all assets and liabilities of the City (including infrastructure and long-term debt).

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Government-Wide Statements - Continued

The government-wide financial statements distinguish functions of the City 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 of the City include general government support, public safety, transportation, economic opportunity and development, culture and recreation, and home and community services. The business-type activity of the City is the public transit system.

The government-wide statements provide the City's *Statement of Net Position* and the *Statement of Activities*. Net position is the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources; this is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the City's overall health, one needs to consider additional non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Some funds are required to be established by State law, while management establishes many other funds to help it control and manage money for a particular purpose. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for those services or activities that are provided by the City and are principally supported by taxes and intergovernmental revenues. The City also accounts for the Water and Sewer operations as governmental funds, even though these funds are financed principally through user fees.

The City maintains nine governmental funds: The General Fund, Capital Projects Fund, Permanent Fund, Debt Service Fund, and the Special Revenue Funds which consist of the Water, Sewer, Community Development, Library, and Miscellaneous Special Revenue Funds. Governmental fund balance sheets and statements of revenues, expenditures, and changes in fund balances are presented for all funds.

Proprietary funds: The City maintains two types of proprietary funds. The City uses an *Enterprise Fund* to account for its public transit operations. The *Internal Service Fund* is used to account for a central vehicle/equipment maintenance operation and a central supplies operation.

Fiduciary funds: Fiduciary funds are used to account for government-held resources that are not available to support the government's own programs, such as employee payroll deductions. The City utilizes an Agency Fund, which is a fiduciary fund, to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the City as a Whole

In recent years, the City has focused its efforts on proactive financial management and multi-year planning. Through these efforts, the City has committed to long-term financial stability and investments.

- **Annual Budget & Multi-Year Planning:** Through the utilization of multi-year planning, the City has maintained a responsible tax rate, achieving compliance with the New York State Tax Cap since its inception. The City continues to closely monitor expenditures and conservatively budget revenues. Identified surpluses are utilized to increase reserve fund balances for future investment in equipment and facility and infrastructure improvements.

The City's principal operating budgets, including general, water, and sewer, increased by \$2,524,867, or 12%, during the year. Appropriation increases were made to finance the items described in financial statement Note 2.a.vii. Comparisons of the amended budget with actual revenues and expenditures for the general fund can be found on page 17 of the financial statements and for other various funds in the supplementary information section of this report.

- **Net Position:** Net position of the City as a whole increased \$4,129,362 from net position of \$9,330,191 at December 31, 2018 to \$13,459,553 at December 31, 2019.
- **State Comptroller's Fiscal Stress Initiative:** In 2013, the New York State Comptroller's Office implemented a system designed to monitor the financial condition of local governments based on both financial information and the external environment. Financial information considered includes year-end fund balances, operating surpluses/deficits, and fixed costs. External factors reviewed include population property values, employment, and sales tax revenue. In September 2018, the Comptroller's Office issued its most recent scoring with the City of Oneonta maintaining a "no-designation" classification. The classification substantiates the City's planning, budgeting, and fiscal management decisions.
- **Capital Assets:** The City's capital assets for its governmental and business-type activities as of December 31, 2019 amounted to \$54,363,455 (net of depreciation). Capital assets include land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. See financial statement Note 6 for a summary of the City's capital assets.
- **Long-Term Debt:** The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule where possible and funds a significant level of capital expenditures from current funds. The outstanding debt is backed by the full faith and credit of the City. See Financial Statement Note 9 for a summary of the City's indebtedness and the narrative within the Financial Highlights on page 4.

During 2020, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") issued the City's municipal bond rating of "AA-," with a stable outlook.

- **Statutory Limits on Real Property Tax and Debt:** The New York State Constitution restricts the annual real property tax levy for operating expenses to 2% of the average full value of taxable City property over the last five years. For the year ended December 31, 2019, the City had a legal margin of approximately \$5,957,305, or 61.57% of its taxing power remaining.

The Constitution also imposes a debt limit of 7% of the most recent five-year average of full valuation of taxable real estate. As of December 31, 2019, the City had a debt margin of approximately \$26,295,805, or 77.66% of its borrowing power remaining.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Governmental Funds

The year ended December 31, 2019 concluded with an unassigned fund balance of \$5,334,261 after restrictions and assignments for encumbrances, reserves, and other fund balance commitments.

As further detailed in Notes 1q and 12, governmental fund balances are reported based upon the extent to which the City is bound to observe constraints imposed upon the use of the resources. Total governmental fund balances with constraints are as follows:

Nonspendable	\$ 1,727,754
Restricted	9,722,259
Committed	1,326,037
Assigned	1,558,279

General Fund: The General Fund is the principal operating fund of the City. As of December 31, 2019, the unassigned fund balance of the General Fund was \$6,856,804, a decrease of \$941,554 (12%) from the previous year, while the total fund balance was \$12,998,468, a decrease of \$843,517(6.0%) from the previous year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and operating transfers out. Unassigned fund balances represent 40% of that amount. The City utilizes a conservative budgeting approach to revenues and expenditures, and practices consistent expenditure controls.

Capital Projects Fund: The Capital Projects Fund accounts for the construction and reconstruction of public improvements. At the end of the current year, the fund balance was \$1,630,826; this is comprised of \$2,095,309 reserved for a library building project, and a fund balance for all other projects equaling a net of \$(464,483), consisting primarily of various City property/buildings, street, and park projects. The deficit fund balances will be funded by future bond proceeds.

Permanent Fund: The Permanent Fund is the primary account for the donation restricted for the "beautification of and non-sports development" of the City Parks, "particularly planting, care and replacement of trees, shrubs, lawns and flowers." The donation must remain intact, and the interest earned supports the Miscellaneous Revenue Fund established to support the donor's request.

Debt Service Fund: The Debt Service Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service Funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Water Fund: The Water Fund is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council. At the end of the current year, the undesignated fund balance was \$542,445 with the total fund balance being \$1,206,941, an increase of \$265,145 from the previous year.

Sewer Fund: The Sewer Fund is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council. At the end of the current year, the restricted fund balance was \$988,072 with the total fund balance being \$1,598,525, a decrease of \$22,270.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

Financial Analysis of the Governmental Funds - Continued

Community Development Special Revenue Fund: The Community Development Block Grant Fund is a Special Revenue Fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. At the end of the current year, the fund balance was \$(46,739). The deficit fund balance will be funded by future grant payments.

Miscellaneous Special Revenue Fund: The Miscellaneous Special Revenue Fund is used to account for restricted donations, or assigned funds authorized by the Common Council, which benefit the government or its citizenry. As of the end of the current year, the fund balance consists of the following designations:

- Swart Wilcox - \$93,790
- Parks - \$53,775
- Susquehanna Greenway - \$90,917
- Park Roads - \$6,315
- Community Landscaping - \$20,818
- Youth Programs - \$17,897
- Korean War Memorial - \$4,074
- Animal Shelter - \$9,868
- Trainman Veteran Monument - \$1,549
- Allison Building - \$2,529

Library Fund: As detailed in Note 1b, the Library Fund is included as a Special Revenue Fund due to the determination that the Huntington Memorial Library is a component unit of the City. This fund accounts for the revenue and expenditures recognized in the operation of the Library. As of the end of the current year, the undesignated fund balance was \$364,979 with the total fund balance being \$454,495, an increase of \$101,823.

Proprietary Funds: The net position of the proprietary funds at the end of the current year totaled \$5,047,927, an increase from the previous year of \$244,510.

Grants

The City has been fortunate to be awarded several grants which provide great benefits to the community and its residents and business owners. Currently, the City is administering over \$26 million in grant awards. In 2016, the City was selected by the State of New York to receive a \$10 million award for the Downtown Revitalization Initiative (DRI). This award provides the financial resources to bring the community's transformational strategies to fruition, elevating Downtown Oneonta. Currently, DRI grants totaling \$2.3 million will be awarded to approximately sixty (60) downtown property owners or businesses. The City is also administering grants from various State and Federal agencies, such as the Office of Community Renewal, NYS Department of Transportation, Federal Aviation Administration, RESTORE NY, State and Municipal Facilities Program, the NYS Environmental Facilities Corporation (NYSEFC) Clean Water Revolving Fund, Department of Environmental Conservation, and the NYS Department of Agriculture and Markets.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2019

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of the coronavirus disease (COVID-19) a global pandemic. The full impact of COVID-19 upon New York State is not expected to be known for some time. Similarly, the ultimate effects to City operations and finances are uncertain; however, it may result in a material adverse impact on the City's financial position. Possible effects in future periods include, but are not limited to, reductions in sales tax revenues, state aid, interest earnings, ambulance revenues, water and sewer rents, tourism and increased expenses resulting directly from implementing safety protocols. The City is monitoring the situation and has taken proactive measures by deferring close to \$1 million in expenses during 2020.

To support the Oneonta's Transit System, the City received a CARES ACT grant of over \$1 million to fund operating expenses.

Requests for Information

This financial report is designed to provide a general overview of the City of Oneonta, New York's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to: Director of Finance, 258 Main Street, Oneonta, New York 13820.

City of Oneonta, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2019		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,599,247	\$ 872,008	\$ 4,471,255
Cash and cash equivalents, restricted	2,331,734	112,499	2,444,233
Investments	2,045,474	-	2,045,474
Investments, restricted	10,121,392	-	10,121,392
Loans receivable, less allowance for uncollectible	1,325,354	-	1,325,354
Other receivables, less allowance for uncollectible	1,338,892	50,653	1,389,545
Due from other governments	3,024,200	163,496	3,187,696
Inventory	161,567	121,714	283,281
Prepaid expenses	205,491	5,158	210,649
Other assets	370,100	-	370,100
Total current assets	24,523,451	1,325,528	25,848,979
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	50,323,358	4,040,097	54,363,455
Total assets	74,846,809	5,365,625	80,212,434
DEFERRED OUTFLOWS OF RESOURCES			
Pension resources	2,552,631	113,842	2,666,473
Other postemployment benefits resources	4,540,170	-	4,540,170
Total assets and deferred outflows of resources	81,939,610	5,479,467	87,419,077
LIABILITIES			
Accounts payable	1,029,422	83,855	1,113,277
Accrued liabilities	254,373	17,666	272,039
Customer deposits	28,800	-	28,800
Due to other governments	14,834	220,506	235,340
Bond interest payable	103,608	-	103,608
Current maturities of long-term liabilities	1,299,134	-	1,299,134
Total current liabilities	2,730,171	322,027	3,052,198
NONCURRENT LIABILITIES			
Bonds payable	10,795,000	-	10,795,000
Premiums on bonds payable	125,000	-	125,000
Installment purchase debt	1,816,472	-	1,816,472
Net pension liability	2,574,679	133,898	2,708,577
Accrued compensated absences	552,673	26,233	578,906
Other postemployment benefits	44,777,970	-	44,777,970
Total liabilities	63,371,965	482,158	63,854,123
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax resources	151,090	-	151,090
Other unavailable resources	1,703,014	1,302	1,704,316
Other postemployment benefits resources	6,952,430	-	6,952,430
Pension resources	1,253,853	43,712	1,297,565
Total liabilities and deferred inflows of resources	73,432,352	527,172	73,959,524
NET POSITION			
Net investment in capital assets	36,287,752	4,040,097	40,327,849
Restricted for			
Bonded debt	25,800	-	25,800
Capital	5,574,839	112,499	5,687,338
Capital, library	1,606,742	-	1,606,742
Insurance	40,645	-	40,645
Crime proceeds	49,639	-	49,639
DBL awareness	15,276	-	15,276
Employee benefits	453,914	-	453,914
EMS education	6,494	-	6,494
Repairs	315,451	-	315,451
Restricted gifts	295,174	-	295,174
Sewer operations	988,072	-	988,072
Parks and recreation	337,775	-	337,775
Special event	12,438	-	12,438
Internal service central garage	95,632	-	95,632
Unrestricted	(37,598,385)	799,699	(36,798,686)
Total net position	\$ 8,507,258	\$ 4,952,295	\$ 13,459,553

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2019							
Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General governmental support	\$ 2,914,481	\$ 590,018	\$ 33,392	\$ -	\$ (2,291,071)	\$ -	\$ (2,291,071)
Public safety	7,660,740	2,492,115	63,695	-	(5,104,930)	-	(5,104,930)
Transportation	3,639,020	133,104	26,597	670,620	(2,808,699)	-	(2,808,699)
Economic opportunity and development	273,094	8,850	307,399	-	43,155	-	43,155
Culture and recreation	1,678,087	184,721	387,523	681,405	(424,438)	-	(424,438)
Home and community services	6,050,646	5,070,082	29,762	2,884,940	1,934,138	-	1,934,138
Interest on long-term debt	394,702	-	-	-	(394,702)	-	(394,702)
Total governmental activities	22,610,770	8,478,890	848,368	4,236,965	(9,046,547)	-	(9,046,547)
BUSINESS-TYPE ACTIVITIES							
Public transportation	2,225,217	765,373	1,464,016	166,764	-	170,936	170,936
Total government	\$ 24,835,987	\$ 9,244,263	\$ 2,312,384	\$ 4,403,729	\$ (9,046,547)	\$ 170,936	\$ (8,875,611)
GENERAL REVENUES							
Real property tax and related tax items					\$ 5,324,535	\$ -	\$ 5,324,535
Sales tax					4,842,640	-	4,842,640
Non-property tax items					222,860	-	222,860
Interest earnings					173,241	-	173,241
Miscellaneous					34,436	77,000	111,436
State revenue sharing					2,231,857	-	2,231,857
Mortgage tax					98,404	-	98,404
Total general revenues					12,927,973	77,000	13,004,973
CHANGE IN NET POSITION					3,881,426	247,936	4,129,362
NET POSITION, beginning of year					4,625,832	4,704,359	9,330,191
NET POSITION, end of year					\$ 8,507,258	\$ 4,952,295	\$ 13,459,553

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2019					Total Governmental Funds
	Major Funds				Governmental Funds	
	General	Capital Projects	Water	Community Development		
ASSETS						
Cash and cash equivalents	\$ 2,767,572	\$ -	\$ 334,438	\$ -	\$ 497,237	\$ 3,599,247
Cash and cash equivalents, restricted	391,040	887,363	-	238,505	814,826	2,331,734
Investments	2,045,474	-	-	-	-	2,045,474
Investments, restricted	5,351,488	1,980,880	657,235	-	2,131,789	10,121,392
Loans receivable, less allowance for uncollectible	-	-	-	1,325,354	-	1,325,354
Other receivables, less allowance for uncollectible	263,869	-	607,371	-	467,652	1,338,892
Due from other governments	982,062	892,858	23,735	815,198	310,347	3,024,200
Due from other funds	1,952,007	683,615	-	-	-	2,635,622
Inventory	30,349	-	-	-	-	30,349
Prepaid expenses	168,450	-	7,261	-	22,952	198,663
Other assets	-	-	-	370,100	-	370,100
Total assets	\$ 13,952,311	\$ 4,444,716	\$ 1,630,040	\$ 2,749,157	\$ 4,244,803	\$ 27,021,027
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 263,361	\$ 398,213	\$ 50,915	\$ 170,677	\$ 81,932	\$ 965,098
Accrued liabilities	214,964	-	11,371	-	19,655	245,990
Customer deposits	-	-	-	28,800	-	28,800
Due to other funds	302,887	1,612,879	-	701,202	-	2,616,968
Due to other governments	1,540	-	-	13,294	-	14,834
Accrued compensated absences	12,441	-	813	-	122	13,376
	<u>795,193</u>	<u>2,011,092</u>	<u>63,099</u>	<u>913,973</u>	<u>101,709</u>	<u>3,885,066</u>
Deferred inflows of resources						
Unavailable tax resources	151,090	-	-	-	-	151,090
Other unavailable resources	7,560	802,798	360,000	1,881,923	264,000	3,316,281
	<u>158,650</u>	<u>802,798</u>	<u>360,000</u>	<u>1,881,923</u>	<u>264,000</u>	<u>3,467,371</u>
Total liabilities and deferred inflows of resources	953,843	2,813,890	423,099	2,795,896	365,709	7,352,437
Fund balances						
Nonspendable	198,799	-	7,261	-	1,521,694	1,727,754
Restricted	5,439,642	1,780,593	657,235	-	1,844,789	9,722,259
Committed	-	1,256,351	-	69,686	-	1,326,037
Assigned	503,223	-	542,445	-	512,611	1,558,279
Unassigned	6,856,804	(1,406,118)	-	(116,425)	-	5,334,261
Total fund balances	12,998,468	1,630,826	1,206,941	(46,739)	3,879,094	19,668,590
Total liabilities and fund balances	\$ 13,952,311	\$ 4,444,716	\$ 1,630,040	\$ 2,749,157	\$ 4,244,803	\$ 27,021,027

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements - Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	December 31, 2019
Total fund balances in the fund financial statements for the governmental funds	\$ 19,668,590
This amount differs from amounts reported for governmental activities due to the following:	
Capital assets are included as assets, net of accumulated depreciation	50,245,259
Deferred Inflows for revenues earned, measurable but not available to provide current financial resources, are included in the government-wide financial statements	1,613,267
Deferred outflows of resources and inflows of resources related to other postemployment benefits and the net pension liability are excluded from the governmental funds and are reported within governmental activities	
Deferred inflows - other postemployment benefits	(6,952,430)
Deferred outflows - other postemployment benefits	4,540,170
Deferred outflows - pension resources	1,330,686
Deferred outflows - pension contributions subsequent to the measurement date	1,166,605
Deferred inflows - pension resources	(1,232,604)
Long-term liabilities for bonded debt	(11,850,000)
Long-term liabilities for the installment purchase debt by the City	(2,048,106)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Bond premium	(137,500)
Long-term liabilities for other postemployment benefit obligations	(44,777,970)
Long-term liabilities for pension obligations	(2,532,636)
Long-term liabilities for compensated absences	(518,097)
Interest payable on long-term debt	(103,608)
The internal service fund is used by management to account for a central vehicle/equipment maintenance operation and a central supplies operation. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	95,632
Net position of governmental activities	\$ 8,507,258

City of Oneonta, New York

Fund Financial Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended December 31, 2019					
	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Water	Community Development		
REVENUES						
Real property taxes	\$ 4,676,252	\$ -	\$ -	\$ -	\$ 467,394	\$ 5,143,646
Real property tax items	180,889	-	-	-	-	180,889
Non-property tax items	5,075,300	-	-	-	-	5,075,300
Departmental income	1,325,285	-	2,635,150	69,951	1,908,801	5,939,187
Intergovernmental charges	1,181,676	-	-	-	360,347	1,542,023
Use of money and property	278,600	38,034	18,981	22	70,803	406,440
Licenses and permits	81,335	-	-	-	-	81,335
Fines and forfeitures	202,078	-	-	-	-	202,078
Sale of property and compensation for loss	99,285	-	8,441	-	106,587	214,313
Miscellaneous local sources	61,216	-	2,032	-	357,444	420,692
State aid	2,460,599	983,365	44,176	677,529	34,869	4,200,538
Federal aid	251,579	89,906	-	1,500,865	-	1,842,350
Interfund revenues	379,338	-	-	-	-	379,338
Total revenues	<u>16,253,432</u>	<u>1,111,305</u>	<u>2,708,780</u>	<u>2,248,367</u>	<u>3,306,245</u>	<u>25,628,129</u>
EXPENDITURES						
General government support	2,582,217	1,395	98,147	-	38,262	2,720,021
Public safety	7,487,900	-	-	-	-	7,487,900
Transportation	2,610,232	1,713,335	-	-	-	4,323,567
Economic opportunity and development	52,011	221,083	-	-	-	273,094
Culture and recreation	696,338	778,859	-	-	794,605	2,269,802
Home and community services	264,487	2,824,660	1,625,214	1,979,184	1,792,020	8,485,565
Benefits	1,107,843	-	92,966	-	95,155	1,295,964
Debt service, principal	574,762	-	414,390	-	266,086	1,255,238
Debt service, interest	189,868	-	138,829	-	85,363	414,060
Total expenditures	<u>15,565,658</u>	<u>5,539,332</u>	<u>2,369,546</u>	<u>1,979,184</u>	<u>3,071,491</u>	<u>28,525,211</u>
Excess (deficiency) of revenues over expenditures	<u>687,774</u>	<u>(4,428,027)</u>	<u>339,234</u>	<u>269,183</u>	<u>234,754</u>	<u>(2,897,082)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	5,346	2,455,907	56,411	-	-	2,517,664
Operating transfers out	(1,536,637)	-	(130,500)	(669,617)	(180,910)	(2,517,664)
Total other financing sources (uses)	<u>(1,531,291)</u>	<u>2,455,907</u>	<u>(74,089)</u>	<u>(669,617)</u>	<u>(180,910)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(843,517)</u>	<u>(1,972,120)</u>	<u>265,145</u>	<u>(400,434)</u>	<u>53,844</u>	<u>(2,897,082)</u>
FUND BALANCES, beginning of year	<u>13,841,985</u>	<u>3,602,946</u>	<u>941,796</u>	<u>353,695</u>	<u>3,825,250</u>	<u>22,565,672</u>
FUND BALANCES, end of year	<u>\$ 12,998,468</u>	<u>\$ 1,630,826</u>	<u>\$ 1,206,941</u>	<u>\$ (46,739)</u>	<u>\$ 3,879,094</u>	<u>\$ 19,668,590</u>

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

	<u>Year Ended December 31, 2019</u>
Net change in fund balances shown for total governmental funds	\$ (2,897,082)
This amount differs from the change in net position shown in the statement of activities because of the following:	
Receivables for revenues earned, measurable but not available to provide current financial resources, are included in the government-wide financial statements	864,067
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period:	
Capital expenditures	7,140,122
Depreciation expense	<u>(3,055,010)</u>
	4,085,112
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	1,030,000
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related deferred outflows and inflows represent long-term activity and are not reported in the funds:	
Net pension liability	(1,092,289)
Deferred outflows of resources - pension related	(1,573,374)
Deferred inflows of resources - pension related	1,252,292
Deferred outflows of resources - pension contributions subsequent to the measurement date	1,166,605
Deferred outflows of resources - OPEB related	(732,285)
Deferred inflows of resources - OPEB related	1,221,824
Compensated absences	(11,842)
Installment purchase debt	225,238
Accrued interest	6,858
Bond premium	12,500
Judgments and claims payable	20,000
Other postemployment benefits	307,228
The internal service fund is used by management to account for a central vehicle/equipment maintenance operation and a central supplies operation. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>(3,426)</u>
Change in net position of governmental activities	<u>\$ 3,881,426</u>

City of Oneonta, New York

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended December 31, 2019					2020 Adopted Budget
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Real property taxes	\$ 4,676,252	\$ 4,676,252	\$ -	\$ 4,676,252	\$ -	\$ 4,758,086
Real property tax items	169,000	169,000	-	180,889	11,889	215,000
Non-property tax items	4,859,000	4,859,000	-	5,075,300	216,300	5,014,000
Departmental income	1,352,500	1,352,500	-	1,325,285	(27,215)	1,591,300
Intergovernmental charges	1,177,500	1,177,500	-	1,181,676	4,176	1,095,795
Use of money and property	60,200	60,200	-	278,600	218,400	150,150
Licenses and permits	72,600	72,600	-	81,335	8,735	65,850
Fines and forfeitures	215,000	215,000	-	202,078	(12,922)	200,000
Sale of property and compensation for loss	12,500	55,009	42,509	99,285	44,276	25,000
Miscellaneous local sources	65,500	65,500	-	61,216	(4,284)	10,500
Interfund revenues	391,140	391,140	-	379,338	(11,802)	391,400
State aid	2,617,597	2,656,960	39,363	2,460,599	(196,361)	2,432,397
Federal aid	-	258,528	258,528	251,579	(6,949)	-
Total revenues	<u>15,668,789</u>	<u>16,009,189</u>	<u>340,400</u>	<u>16,253,432</u>	<u>244,243</u>	<u>15,949,478</u>
EXPENDITURES						
General government support	3,078,940	2,978,100	100,840	2,582,217	395,883	3,133,755
Public safety	7,173,904	7,969,547	(795,643)	7,487,900	481,647	7,695,890
Public health	2,750	2,750	-	-	2,750	500
Transportation	2,015,146	2,705,298	(690,152)	2,610,232	95,066	2,289,073
Economic opportunity and development	19,500	59,200	(39,700)	52,011	7,189	14,450
Culture and recreation	711,062	741,938	(30,876)	696,338	45,600	951,022
Home and community services	338,070	354,881	(16,811)	264,487	90,394	658,675
Benefits	1,168,000	1,108,123	59,877	1,107,843	280	1,150,500
Debt service, principal	574,850	574,850	-	574,762	88	590,800
Debt service, interest	189,900	189,900	-	189,868	32	173,500
Total expenditures	<u>15,272,122</u>	<u>16,684,587</u>	<u>(1,412,465)</u>	<u>15,565,658</u>	<u>1,118,929</u>	<u>16,658,165</u>
Excess (deficiency) of revenues over expenditures	<u>396,667</u>	<u>(675,398)</u>	<u>(1,072,065)</u>	<u>687,774</u>	<u>1,363,172</u>	<u>(708,687)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	5,346	5,346	75,353
Operating transfers out	(615,000)	(1,637,000)	(1,022,000)	(1,536,637)	(100,363)	(500,000)
Total other financing sources (uses)	<u>(615,000)</u>	<u>(1,637,000)</u>	<u>(1,022,000)</u>	<u>(1,531,291)</u>	<u>(95,017)</u>	<u>(424,647)</u>
Net change in fund balance	<u>(218,333)</u>	<u>(2,312,398)</u>	<u>(2,094,065)</u>	<u>(843,517)</u>	<u>1,268,155</u>	<u>(1,133,334)</u>
FUND BALANCE, beginning of year	<u>13,841,985</u>	<u>13,841,985</u>	<u>-</u>	<u>13,841,985</u>	<u>-</u>	<u>12,998,468</u>
FUND BALANCE, end of year	<u>\$ 13,623,652</u>	<u>\$ 11,529,587</u>	<u>\$ (2,094,065)</u>	<u>\$ 12,998,468</u>	<u>\$ 1,268,155</u>	<u>\$ 11,865,134</u>

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Water Fund

	Year Ended December 31, 2019					2020 Adopted Budget
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Departmental income	\$ 2,460,000	\$ 2,460,000	\$ -	\$ 2,635,150	\$ 175,150	\$ 2,557,000
Use of money and property	-	-	-	18,981	18,981	8,000
Sale of property and compensation for loss	-	-	-	8,441	8,441	-
Miscellaneous local sources	-	-	-	2,032	2,032	-
State Aid	-	50,000	50,000	44,176	(5,824)	-
Total revenues	<u>2,460,000</u>	<u>2,510,000</u>	<u>50,000</u>	<u>2,708,780</u>	<u>198,780</u>	<u>2,565,000</u>
EXPENDITURES						
General government support	145,820	98,354	47,466	98,147	207	213,637
Water administration	209,120	217,485	(8,365)	210,822	6,663	207,994
Source of supply	35,200	49,297	(14,097)	42,334	6,963	31,100
Purification	671,323	825,972	(154,649)	754,021	71,951	945,525
Laboratory	48,000	48,000	-	40,983	7,017	55,500
Transmission and distribution	510,034	613,884	(103,850)	577,054	36,830	632,083
Benefits	103,000	95,000	8,000	92,966	2,034	110,500
Debt service, principal	414,450	414,450	-	414,390	60	422,380
Debt service, interest	138,900	138,900	-	138,829	71	128,700
Total expenditures	<u>2,275,847</u>	<u>2,501,342</u>	<u>(225,495)</u>	<u>2,369,546</u>	<u>131,796</u>	<u>2,747,419</u>
Excess (deficiency) of revenues over expenditures	<u>184,153</u>	<u>8,658</u>	<u>(175,495)</u>	<u>339,234</u>	<u>330,576</u>	<u>(182,419)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	40,847	40,847	-	56,411	15,564	15,586
Operating transfers out	(225,000)	(355,500)	(130,500)	(130,500)	225,000	(475,000)
Total other financing sources (uses)	<u>(184,153)</u>	<u>(314,653)</u>	<u>(130,500)</u>	<u>(74,089)</u>	<u>240,564</u>	<u>(459,414)</u>
Net change in fund balance	-	(305,995)	(305,995)	265,145	571,140	(641,833)
FUND BALANCE, beginning of year	<u>941,796</u>	<u>941,796</u>	<u>-</u>	<u>941,796</u>	<u>-</u>	<u>1,206,941</u>
FUND BALANCE, end of year	<u>\$ 941,796</u>	<u>\$ 635,801</u>	<u>\$ (305,995)</u>	<u>\$ 1,206,941</u>	<u>\$ 571,140</u>	<u>\$ 565,108</u>

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2019	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 872,008	\$ -
Cash and cash equivalents, restricted	112,499	-
Other receivables, less allowance for uncollectible	50,653	-
Inventory	-	252,932
Due from other governments	163,496	-
Prepaid expenses	5,158	6,828
	1,203,814	259,760
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	4,040,097	78,099
Total assets	5,243,911	337,859
DEFERRED OUTFLOWS OF RESOURCES		
Pension resources	113,842	55,340
	113,842	55,340
Total assets and deferred outflows of resources	5,357,753	393,199
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	83,855	64,324
Accrued liabilities	17,666	8,383
Due to other funds	-	18,654
Due to other governments	220,506	-
Total current liabilities	322,027	91,361
NONCURRENT LIABILITIES		
Net pension liability	133,898	42,043
Accrued compensated absences	26,233	21,200
Total liabilities	482,158	154,604
DEFERRED INFLOWS OF RESOURCES		
Pension resources and other	45,014	21,249
	45,014	21,249
Total liabilities and deferred inflows of resources	527,172	175,853
NET POSITION		
Net investment in capital assets	4,040,097	78,099
Restricted	112,499	-
Unrestricted	677,985	139,247
	4,830,581	217,346
Total net position	4,830,581	\$ 217,346
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	121,714	
	121,714	
Net position of business-type activities	\$ 4,952,295	

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

	Year Ended December 31, 2019	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
OPERATING REVENUES		
Charges for services	\$ 765,373	\$ 635,115
State aid	1,447,305	-
Federal aid	16,711	-
Total operating revenues	2,229,389	635,115
OPERATING EXPENSES		
Personal service	826,415	254,691
Benefits	236,608	252,119
Contractual expense	728,149	122,535
Depreciation	429,686	13,812
Total operating expenses	2,220,858	643,157
Operating income (loss)	8,531	(8,042)
NONOPERATING REVENUES		
Other revenue	83,760	257
State aid capital	160,004	-
Total nonoperating revenues	243,764	257
CHANGE IN NET POSITION	252,295	(7,785)
NET POSITION, <i>beginning of year</i>	4,578,286	225,131
NET POSITION, <i>end of year</i>	\$ 4,830,581	\$ 217,346
CHANGE IN NET POSITION	\$ 252,295	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(4,359)	
CHANGE IN NET POSITION, business-type activities	\$ 247,936	

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2019	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from providing services	\$ 784,872	\$ 635,115
Cash paid for contractual expenses	(675,305)	(84,582)
Cash paid for personal services and employee benefits	(1,042,990)	(499,902)
Cash received from other operating sources	1,466,337	-
	532,914	50,631
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES		
Repayment of advances from other funds, net	-	(50,888)
Receipts from other sources	70,735	257
	70,735	(50,631)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Increase in restricted cash	(13,026)	-
Purchase of fixed assets	(160,004)	-
Capital contributed by other sources	6,760	-
Proceeds from sale of assets	6,266	-
	(160,004)	-
Net increase in cash and cash equivalents	443,645	-
CASH AND CASH EQUIVALENTS, beginning of year	428,363	-
CASH AND CASH EQUIVALENTS, end of year	\$ 872,008	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 8,531	\$ (8,042)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	429,686	13,812
(Increase) decrease in		
Other receivables	(7,112)	-
Due from other governments	25,309	-
Federal and state receivables	2,321	-
Deferred outflows	78,531	43,170
Inventory	-	(10,791)
Prepaid expenses	(1,807)	(864)
Increase (decrease) in		
Accounts payable and accrued liabilities	54,679	50,124
Net pension liability	67,211	32,672
Deferred inflows	(130,689)	(68,058)
Deferred revenues	1,302	-
Accrued compensated absences	4,952	(1,392)
	\$ 532,914	\$ 50,631

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	December 31, 2019
	Agency Fund
ASSETS	
Cash and equivalents, restricted	<u>\$ 17,362</u>
LIABILITIES	
Accrued liabilities	174
Customer deposits	2,700
Due to other governments	9,536
Other payables	<u>4,952</u>
Total liabilities	<u>\$ 17,362</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The financial statements of the City of Oneonta, New York (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Organization

The City was incorporated during 1908 in the County of Otsego. The City is governed by an elected Mayor and Common Council. During 2019, the City employed a City Manager who was responsible for the daily administration of the City. During 2020, the City updated the City Charter to replace the City Manager position with a City Administrator. The City provides general government support, water and sewer services, police, and fire protection, transportation, economic assistance and opportunity, culture and recreation, and home and community services.

All governmental activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity with the exception of the Huntington Memorial Library as discussed below.

b. Financial Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the City of Oneonta; (b) organizations for which the primary government is financially accountable; and (c) 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.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Huntington Memorial Library (Library) has been included within the reporting entity as a Special Revenue Fund. This Special Revenue Fund accounts for the revenue and expenditures recognized in the operation of the Library. The Library was originally established in 1893 as the Oneonta Public Library and granted a charter by the State Board of Regents as provided in Article 5 of Education Law. The affairs of the Library were included in the legislation in 1908 that incorporated the City. Actions by the Regents of the State in 1921 and by the Legislature of the State in 1922 changed the name of the Library to the Huntington Memorial Library. The City appoints trustees; levies and collects the taxes for Library purposes; has title to the real property used by the Library; and issues all Library indebtedness which is supported by the full faith and credit of the City.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Financial Reporting Entity - Continued

The following organizations are not part of the City and are thus excluded from the City's financial reporting entity:

i. City School District of the City of Oneonta

The School District was established by an act of the State Legislature which designated a School Board as the governing authority. Members of the School Board are elected directly by the qualified voters of the district. The School Board has responsibility for adopting budgets, levying property taxes, and hiring and firing employees. The operating, debt service, and capital expenditure budgets are financed from taxes levied by the School Board. The School District also receives substantial funds from the state and federal governments and other revenue sources.

ii. The Oneonta Housing Authority

The Oneonta Housing Authority (Authority) was created during 1967 pursuant to an act of the State Legislature, Public Housing Law, Article 13, Title 19. This act provides for the following:

- 1) The purpose of the Authority shall be to implement federal and state housing programs and to provide decent sanitary housing for families of low income.
- 2) The Authority shall be perpetual in duration, and its governing Board shall consist of seven members, five of whom are appointed for staggered five-year terms by the Mayor and two of whom are elected by the residents of the Authority's housing projects for terms of two years.

Specific reasons for excluding the Authority from the City's financial reporting entity are as follows: The Authority controls employment of its personnel; the City has no influence over operations; the City has no budgetary authority; the City has no responsibility for the Authority's debt; the Authority controls fiscal management; and no part of the Authority's financing is provided by the City.

A summary of the City's significant accounting policies is as follows:

c. Government-Wide and Fund Financial Statements

The governmental reporting model has the following sections: Management's Discussion and Analysis, Government-Wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Government-Wide and Fund Financial Statements - Continued

The statement of net position presents the financial condition of the City's activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity and identifies the amount of general revenues needed to help finance the specific activities.

Fund accounting is designed to demonstrate legal compliance and to segregate transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and applicable fiduciary fund financial statements. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This measurement focus and basis of accounting are similar to private sector reporting.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current position.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual, which is when they become both measurable and available. "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected generally within 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, and certain intergovernmental revenues are considered to be susceptible to accrual and so have been recognized in the fund financial statements as revenues of the current year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available generally when the City receives cash for these revenues, such as fines, permits, and other miscellaneous collections.

The City reports deferred outflows and inflows of resources for items related to the net pension and other postemployment benefit liabilities; deferred inflows of resources related to certain property taxes received before the City has a legal claim to them, and deferred inflows of resources related to amounts that do not achieve the revenue recognition criteria.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Principal and interest on indebtedness as well as expenditures related to compensated absences and claims and judgments are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.
- Judgements and claims are recorded only when payment is due.

e. Fund Accounting

The City's fund types are as follows:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The City's governmental funds are as follows:

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

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Accounting - Continued

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and the specific revenue sources continue to make up a substantial portion of the inflows reported in the fund. Also, there must be an understanding that money collected will be used for the fund's operations as stated in the charter, local law, or other document. The City's Special Revenue Funds are the:

Community Development Fund - is used to account for Community Development grants, local programs, and related activities.

Water Fund - is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council.

Sewer Fund - is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council.

Library Fund - is used to account for the operation of the public library.

Miscellaneous Special Revenue Fund - is used to account for restricted donations, or assigned funds authorized by Council, which benefit the government or its citizenry.

Capital Projects Fund - is used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities/assets other than those financed by the Enterprise or Internal Service funds.

Debt Service Fund - is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Permanent Fund - is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that benefit the government or its citizenry.

Proprietary Funds represent the City's business-type activities and include enterprise funds and Internal Service Funds. Enterprise funds are used to report activities for which fees are charged to external customers for goods and services provided. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Accounting - Continued

The City reports the following proprietary funds:

Enterprise Fund - Public Transportation - is used to account for the operation of the public transit system. The public transit system is primarily financed through state and federal aid. This would normally classify the public transit fund as a governmental fund. Since depreciation expense is an eligible cost for receiving the state and federal aid and fees are collected for use of the transit system, the City chooses to report the public transit fund as a proprietary fund.

Internal Service Fund - Central Garage - is used to account for the vehicle/equipment maintenance and repairs provided by the Central Garage to other departments. This fund is designed to serve as a cost-allocation device. The role of the Internal Service Fund is to accumulate the costs associated with providing vehicle/equipment maintenance and then charge those departments for the service of maintaining the vehicles/equipment associated with that department.

Fiduciary Funds are used to report resources that are held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. The City maintains agency funds to account for assets that the City holds on behalf of others as their agent.

The City reports the following fiduciary fund:

Agency Fund - is a fiduciary fund used to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

f. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

g. Cash, Cash Equivalents, and Investments

Cash resources of the individual funds are combined in a non-interest-bearing checking account and various interest-bearing demand, time deposits, and cash equivalents which are managed by the Director of Finance. Interest earned on deposits is allocated to the participating funds based on the average monthly balance in the account. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturities of 90 days or less when purchased by the City. New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limits. This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. Cash, Cash Equivalents, and Investments - Continued

At December 31, 2019, the City had \$12,166,866 invested with the New York Cooperative Liquid Assets Securities System (NYCLASS), which is a short-term highly liquid investment fund, designed specifically for the public sector that operates like a money market mutual fund. NYCLASS is subject to the Municipal Cooperation Agreement Amended and Restated as of March 28, 2019 (the Agreement) and is structured in accordance with New York State General Municipal Law (GML) (Article 3-A and Article 5-G, Section 119-n and o, and Chapter 623 of the Laws of 1998). All NYCLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992). NYCLASS is rated "AAAm" by S&P Global Ratings. Participants are allowed to conduct transactions (deposits, withdrawals, or transfers) on a normal business day. There are no limits on the dollar amount or number of daily transactions, except that the total daily withdrawals may not exceed the total balance on the deposit.

h. Fair Value of Financial Instruments

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City's investment in NYCLASS is reported at fair value using quoted prices for identical items that are not actively traded. The City considers its NYCLASS investments to be Level 2 within the hierarchy of fair value measurements.

The method described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Restricted Cash and Cash Equivalents

Certain cash balances are restricted because their use is limited. At December 31, 2019, the City had restricted cash and cash equivalents related to governmental activities, comprised of the following:

General Fund crime proceeds reserve	\$ 49,639
General Fund handicap awareness program	15,276
General Fund EMS training	6,494
General Fund restricted gift	69,515
General Fund parks and recreation	237,678
General Fund special event	12,438
Community Development Fund	238,505
Miscellaneous Special Revenue Fund	142,145
Sewer Fund	591,019
Library Fund restricted gifts	35,862
Capital Projects Fund	887,363
Debt Service Fund	25,800
Permanent Fund	20,000
	<hr/>
Total restricted cash and cash equivalents	<u>\$ 2,331,734</u>

In addition, the City had restricted cash and cash equivalents related to business-type activities and fiduciary activities of \$112,499 and \$17,362 for the public transit capital reserve and trust and agency, respectively.

j. Restricted Investments

Certain investment balances are restricted because their use is limited. The City had restricted investments related to governmental activities comprised of the following:

General Fund capital reserve	\$ 4,256,126
General Fund employee benefit reserve	388,925
General Fund repair reserve	315,452
General Fund insurance reserve	40,645
General Fund parks & recreation reserve	100,097
General Fund buildings reserve	250,243
Capital Projects Fund	1,980,880
Water Fund capital equipment reserve	625,332
Water Fund employee benefit reserve	31,903
Sewer Fund capital equipment reserve	572,173
Sewer Fund employee benefit reserve	33,085
Permanent	1,478,742
Miscellaneous special revenue	47,789
	<hr/>
Total restricted investments	<u>\$ 10,121,392</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Due to/from Other Funds and Receivables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "due to/from other funds" (i.e., interfund loans).

Receivables are reported net of an allowance for uncollectibles as described in Note 4.

l. Inventories and Prepaid Items

Inventories are principally valued at cost using average inventory value methods.

Within the Internal Service Fund, inventory consists of auto accessories. The initial purchases of inventory items are recorded as assets and are charged to operating funds on an "as used" basis. Expenses are recorded in the operating fund being charged, and inventory (asset) reductions are recorded in the Internal Service Fund.

Within the governmental funds, inventories are recorded as expenditures when they are purchased rather than when consumed, except for jet and aviation fuel. The fuel inventory initial purchases are recorded as inventory and the sales margin revenue, based on average inventory, is recorded at the time of sale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental and proprietary funds, except for items such as insurances, maintenance agreements, dues, and subscriptions.

m. Capital Assets

Capital assets, which include property, buildings, improvements, machinery and equipment and infrastructure are defined by the City as assets with an initial cost of \$5,000 or more. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are valued at historical cost or at an estimated historical cost where no historical records exist. Donated capital assets are valued at the estimated fair value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	10-50
Improvements	10-30
Machinery and equipment	3-30
Infrastructure	30

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Capital Assets - Continued

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of December 31, 2019.

n. Compensated Absences

Vesting of accumulated leave time is governed by agreements with various employee groups. For governmental funds, the current portion of leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the governmental fund that will issue payment. The long-term portion of leave time is accrued in the government-wide financial statements. For proprietary funds, the full liability is recognized within the fund. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

o. Deferred Outflows/Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows arise when resources are received by the City before it has legal claim to them, as with property taxes received in advance and when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

Deferred inflows in the Special Revenue Fund represent amounts to be received in future periods as principal repayment of loans to various private companies and individuals. The original sources for these loans were obtained by the City through Community Development Block Grants, the HOME Program, New York State Housing programs, or local programs authorized by the Common Council. The original proceeds of the grants were recorded as revenues. Repayments of the loan principal by private companies and individuals are considered departmental income during the period received which reduces the deferred inflows.

Pension related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type government-wide activities, and the respective enterprise funds. Further detail of pension related deferred outflows and deferred inflows of resources are disclosed in Note 7.

Other postemployment benefit related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type government-wide activities, and the respective enterprise funds. Further detail of other postemployment benefits related deferred outflows of resources and deferred inflows of resources are disclosed in Note 8.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Long-Term Liabilities

The City incurs long-term debt in order to fund major acquisitions and/or capital projects. This enables the cost to be borne by the present and future taxpayers receiving the benefit of the capital assets.

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bonds payable are reported net of applicable bond premium or discount, if any.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Excess bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The current year's debt principal and interest payments are recognized as expenditures.

q. Pensions

The City is a participating employer in both the New York State and Local Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (collectively, the "System"). Employees in ERS and PFRS permanent positions are required to enroll in the System, while employees in ERS part-time or seasonal positions have the option of enrolling.

The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the City's financial position and results of operations due to its participation in the System is more fully disclosed in Note 7.

r. Fund Balance/Net Position

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form, or; (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority and require the same level of formal action to remove the constraint.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

r. Fund Balance/Net Position - Continued

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose, as established by the Common Council, or by a designated body or official, but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund and Capital Projects Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Common Council, as the highest level of decision-making authority, must take formal action, through a motion or resolution adopted at an official meeting and recorded in the minutes, to authorize or accept any nonspendable, restriction, or commitments of fund balance. In addition, New York State regulations/laws may dictate the accounting for some portion of fund balance, such as sewer funds, and certain restricted revenues (Crime Proceeds, EMS training, etc.). Portions of fund balance reported in the assigned category may be established either by Common Council approval or through the City's purchasing process. Formal actions taken by the Common Council, such as adoption of the budgets, or approval of motions/resolutions, will require the assignment of fund balance. Also, the City Charter and the City's Purchasing Policy authorize the Director of Finance to assign available funds to specific purposes as appropriate, in conformance with a uniform system of accounts formulated and prescribed by the New York State Comptroller.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

See Note 12 for a summary of the City's fund balances as of December 31, 2019.

The following categories are used for net position of the government-wide and proprietary funds financial statements:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the City or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

s. Encumbrances

In governmental funds, encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities. Expenditures of such commitments are recorded in the period in which the liability is incurred.

The following encumbrances were included in fund balances:

	General Fund	Community Development Fund	Capital Project Fund	Water Fund	Sewer Fund	Total
Assigned						
General Government Support	\$ 108,577	\$ -	\$ -	\$ -	\$ -	\$ 108,577
Public Safety	34,833	-	-	-	-	34,833
Transportation	11,472	-	-	-	-	11,472
Culture and Recreation	18,938	-	-	-	-	18,938
Home and Community Services	3,572	18,930	-	88,501	31,231	142,234
	<u>177,392</u>	<u>18,930</u>	<u>-</u>	<u>88,501</u>	<u>31,231</u>	<u>316,054</u>
Restricted						
Public Safety	60,720	-	-	-	-	60,720
Transportation	31,231	-	-	-	-	31,231
	<u>91,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,951</u>
Capital Projects-Unrestricted						
Damaschke Grand Stanad Demo/Improv	-	-	597,724	-	-	597,724
Lower Reservoir Dam	-	-	143,658	-	-	143,658
DRI Brandings/Marketing/Wayfinding	-	-	210,917	-	-	210,917
DRI Parking Garage Reno & Transit Hub	-	-	69,183	-	-	69,183
	<u>-</u>	<u>-</u>	<u>1,021,482</u>	<u>-</u>	<u>-</u>	<u>1,021,482</u>
Capital Projects Restricted						
Wastewater Treatment Plant Upgrade	-	-	663,208	-	-	663,208
Wilber Lake Upper Reservoir Dam	-	-	25,700	-	-	25,700
Airport Projects	-	-	190,297	-	-	190,297
	<u>-</u>	<u>-</u>	<u>879,205</u>	<u>-</u>	<u>-</u>	<u>879,205</u>
	<u>\$ 269,343</u>	<u>\$ 18,930</u>	<u>\$ 1,900,687</u>	<u>\$ 88,501</u>	<u>\$ 31,231</u>	<u>\$ 2,308,692</u>

t. Postemployment Benefits

In addition to providing pension benefits, the City provides health insurance coverage for retired employees and their survivors. Substantially all of the City's full-time employees may become eligible for these benefits if they retire while working for the City. Healthcare benefits are provided through an insurance company whose premiums are based on the benefits provided. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The postemployment fringe benefit costs, including unemployment and any prior year expense, are reported as "Benefits" on the governmental funds' statement of revenues, expenditures, and changes in fund balances. The current year's fringe benefit expenses for active employees are accounted for within each department and, therefore, reported within each activity in the financial statements. See Note 8 for additional disclosures required for retiree postemployment benefits other than pensions.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 2 - Legal Compliance, Budgets

a. Budgets

Annual appropriated budgets are adopted for the General and Special Revenue Funds. Formal budgetary policies are employed for the Special Grant - Special Revenue Fund Types on a project-by-project and grant-by-grant basis, rather than an annual basis. All annual appropriations lapse at year-end. Project-length financial plans are adopted for all Capital Projects Funds.

The City employs the following budgetary procedures:

- i. No later than one week prior to the second regular meeting of the Common Council in November, the City Manager submits a tentative budget to the Common Council for the year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all governmental funds of the City except for the various Grant Funds and Capital Projects Fund. The tentative budget also includes a five-year capital plan.
- ii. All revisions that alter the tentative budget must be approved by two-thirds vote of the Common Council.
- iii. At least one week before its first regular meeting in December, a public hearing is conducted to obtain taxpayer comments. The Common Council adopts the City budget at its first regular meeting in December by an affirmative majority vote.
- iv. In the event that the Common Council fails to adopt a budget by December 10, the budget for the current year becomes the budget for the ensuing year, modified only to add any increased expenditures resulting from previously approved contracts or other obligations of the City.
- v. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the projects.
- vi. Budgets are prepared for Proprietary Funds primarily to establish the estimated contributions required from other funds.
- vii. Budgeted amounts shown are as originally adopted, or as amended by the Common Council and/or the December 31, 2018 outstanding purchase orders. The 2018 outstanding purchase orders modified the 2019 adopted budget by \$949,305, with \$870,763 being from Reserves, for the General Fund, \$120,515, for the Water Fund, and \$152,307, for the Sewer Fund. The following are the amendments to the original budget approved during the year:
 - General Fund: \$20,000 for paving, and \$500,000 for the purchase of streetlights. Funded via Reserves/Grants: \$345,000 for the Main Street water main project, \$98,135 towards a pumper cleaner/vacuum truck, \$177,000 towards the Damaschke field grandstand demolition project, \$4,625 use of police crime proceeds for law enforcement activities.
 - Water Fund: \$120,000 for the Main Street water main project, \$10,500 toward the Water plant SCADA replacement project, \$54,980 for equipment parts and repairs.
 - Sewer Fund: \$27,500 reduction towards the purchase of the pumper cleaner/vacuum truck funded via the Equipment Reserve.

Expenditures may not legally exceed budgeted appropriations at the activity level.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 2 - Legal Compliance, Budgets - Continued

b. Tax Margin

The City is legally restricted to a tax limit of 2% of the five-year average of the full taxable value of all properties within the City. As of December 31, 2019, the City had a constitutional tax margin of \$5,957,305, or 61.57% of its taxing power.

Note 3 - Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

It is the City's policy for deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at year-end. The categories are described as follows:

Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 Uncollateralized.

	Bank Balance	Category			Carrying Amount
		1	2	3	
<u>Pooled Deposits</u>					
Pooled Cash and Cash Equivalents	\$ 7,966,256	\$ -	\$ 7,966,256	\$ -	\$ 6,164,278
<u>Non-Pooled Deposits</u>					
Non-pooled Cash and Cash Equivalents					
General	524,410	-	524,410	-	524,410
Special Revenue	416,151	-	416,151	-	238,505
Trust and Agency	16,050	-	16,050	-	-
<u>Petty Cash on Hand</u>					
General	3,600	-	3,600	-	3,600
Special Revenue	105	-	105	-	105
Enterprise	1,952	-	1,952	-	1,952
Total cash and cash equivalents	<u>\$ 8,928,524</u>	<u>\$ -</u>	<u>\$ 8,928,524</u>	<u>\$ -</u>	<u>\$ 6,932,850</u>

Note 4 - Receivables

a. Due from Other Governments

General Fund: The General Fund receivable consists primarily of \$688,341 representing November and December 2019 sales tax distributions due from the County of Otsego and \$285,383 for various grants.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 4 - Receivables - Continued

a. Due from Other Governments - Continued

Special Revenue Funds: Receivables consist entirely of \$310,347 due from the Town of Oneonta for 2019 sewer services.

Community Development Fund: Receivables of \$815,198 consist entirely of amounts due from various community development grants.

Capital Project Fund: The Capital Project Fund receivable consists primarily of \$25,257 for state grants for street repairs, \$64,658 due for airport grants, \$235,821 for the NYS Downtown Revitalization Initiative (DRI) and \$566,978 for NYS DASNY grant for the Damaschke Field project.

Enterprise Fund: The Enterprise Fund receivable consists primarily of \$160,004 due under a NYS Department of Transportation Grant.

b. Loans Receivable, Community Development

The City has loaned monies to various companies and individuals under the United States Department of Housing and Urban Development programs, New York State Housing programs, the New York State Small Cities Community Development Block Grant programs (CDBG), and local community development projects approved by the Common Council.

A summary of loans receivable is as follows:

Community Development Block Grants	\$ 44,206
CDBG - First Time Home Owners	215,998
NYS Housing Trust Fund - Home Program	1,192
NYS Small Cities CDBG - First Time Home Owners	286,699
Housing Visions	292,005
NYS Affordable Housing Corp	466,883
NYS CDBG - Multi-Unit Housing Rehabilitation	396,371
Urban Development	49,500
	<hr/>
	1,752,854
Less allowances	<hr/>
	(427,500)
	<hr/>
	\$ 1,325,354

c. Other Receivables

General Fund: The City fire department provides ambulance service and bills based on service provided. During 2019, the City billed 2,130 calls. The balance of unpaid ambulance bills as of December 31, 2019 equaled \$304,898 and was offset by an allowance for uncollectible accounts of \$143,000. Other receivables also include franchise fees, code enforcement fees, and other miscellaneous receivables considered fully collectible at December 31, 2019, unless otherwise deferred.

Water Fund: The Water Fund receivable consists primarily of \$648,463 for billed water usage. This balance was offset by an allowance for uncollectible accounts of \$42,000.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 4 - Receivables - Continued

c. Other Receivables - Continued

Sewer Fund: The Sewer Fund receivable consists primarily of \$383,693 for billed sewer rents considered fully collectible at December 31, 2019.

Proprietary Fund: The Proprietary Fund receivable consists of \$50,653 due from various clients for bus services provided through Oneonta Public Transit considered fully collectible at December 31, 2019.

Library Fund: The Library Fund receivable consists of \$68,169 for an interest distribution from an endowment held at a local bank.

Note 5 - Interfund Transactions

A summary of interfund receivables and payables reported within the governmental fund financial statements is as follows:

Fund	Due From Other Funds	Due To Other Funds
General	\$ 1,952,007	\$ 302,887
Community Development	-	701,202
Internal Service	-	18,654
Capital Projects	683,615	1,612,879
	\$ 2,635,622	\$ 2,635,622

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance, January 1, 2019	Additions	Retirements	Balance, December 31, 2019
Land	\$ 1,677,368	\$ -	\$ -	\$ 1,677,368
Buildings	25,012,895	277,039	-	25,289,934
Improvements	11,884,451	73,050	(75,813)	11,881,688
Machinery and equipment	17,589,709	2,239,604	(996,259)	18,833,054
Infrastructure	46,993,995	1,087,934	-	48,081,929
Construction in progress	751,912	3,622,498	-	4,374,410
	103,910,330	7,300,125	(1,072,072)	110,138,383
Less accumulated depreciation	(53,348,492)	(3,498,508)	1,072,072	(55,774,928)
	\$ 50,561,838	\$ 3,801,617	\$ -	\$ 54,363,455

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 6 - Capital Assets - Continued

A summary of capital assets by reporting unit is as follows:

	Governmental	Public Transportation	Total
Land	\$ 1,671,405	\$ 5,963	\$ 1,677,368
Buildings	23,542,694	1,747,240	25,289,934
Improvements	11,753,019	128,669	11,881,688
Machinery and equipment	13,553,612	5,279,442	18,833,054
Infrastructure	48,081,929	-	48,081,929
Construction in progress	4,374,410	-	4,374,410
	<u>102,977,069</u>	<u>7,161,314</u>	<u>110,138,383</u>
Less accumulated depreciation			
Buildings	(14,845,324)	(1,737,499)	(16,582,823)
Improvements	(4,565,722)	(128,669)	(4,694,391)
Machinery and equipment	(8,255,202)	(1,255,049)	(9,510,251)
Infrastructure	(24,987,463)	-	(24,987,463)
	<u>(52,653,711)</u>	<u>(3,121,217)</u>	<u>(55,774,928)</u>
	<u>\$ 50,323,358</u>	<u>\$ 4,040,097</u>	<u>\$ 54,363,455</u>

Depreciation expense for 2019 was charged to functions of the primary government as follows:

General governmental support	\$ 132,148
Public safety	295,676
Transportation	1,525,902
Culture and recreation	231,446
Home and community services	869,838
	<u>\$ 3,055,010</u>

Note 7 - Retirement Systems

The City participates in the New York State and Local Employee's Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. The System's benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 7 - Retirement Systems - Continued

The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

a. Benefits Provided

The System provides retirement benefits as well as death and disability benefits. Benefits are pursuant to the membership Plan; Tier 1 through 6 and Special Plans. The System also provides Ordinary Disability Benefits, Accidental Disability Benefits, Ordinary Death Benefits, and Post-Retirement Benefit Increases. Detail of eligibility and benefit calculation may be found at www.osc.state.ny.us.

b. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. The average contribution rate for ERS and PFRS for 2019 was approximately 14.9% and 23.5% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	ERS	PFRS
2019	\$ 520,843	\$ 855,857
2018	517,430	778,459
2017	509,668	807,516

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$2,574,679 in the governmental activities statement of net position and \$133,898 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2019, the City's proportion was 0.0124608% in the Employee Retirement System and 0.1033298% in the Police and Fire Retirement System. The Huntington Memorial Library proportion was 0.0013095% in the Employee Retirement System.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 7 - Retirement Systems - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2019, the City recognized pension expense of \$1,253,403 in the governmental funds and \$106,789 in the proprietary funds. The City recognizes pension expense, per fund/department/employee, on a biweekly process via the payroll system. The total year-end expense is adjusted for prior year adjustments presented on the annual billing received from the System, and any adjustments recorded in compliance with GASB. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Funds	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 588,903	\$ 242,262
Changes of assumptions	843,967	-
Net differences between projected and actual investment earnings on pension plan investments	-	565,931
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,272	445,660
City contributions subsequent to the measurement date	1,109,489	-
Total	\$ 2,552,631	\$ 1,253,853
	Proprietary Funds	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,198	\$ 8,249
Changes of assumptions	30,888	-
Net differences between projected and actual investment earnings on pension plan investments	-	31,539
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,640	3,924
City contributions subsequent to the measurement date	57,116	-
Total	\$ 113,842	\$ 43,712

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 7 - Retirement Systems - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Funds	Proprietary Funds	Total
Year ending December 31,			
2020	\$ 360,535	\$ 24,503	\$ 385,038
2021	(347,422)	(25,123)	(372,545)
2022	(99,982)	(2,724)	(102,706)
2023	258,877	16,358	275,235
2024	17,281	-	17,281
Total	<u>\$ 189,289</u>	<u>\$ 13,014</u>	<u>\$ 202,303</u>

d. Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5 percent
Salary Scale	
ERS	3.8 percent, indexed by service
PFRS	4.5 percent, indexed by service
Investment rate of return, including inflation	7.0 percent, compounded annually, net of expenses
Cost of living adjustments	1.3 percent
Decrement	Based on FY 2011 - 2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on April 1, 2010 to March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 7 - Retirement Systems - Continued

d. Actuarial Assumptions - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic funds	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

e. Discount Rate

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

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 7 - Retirement Systems - Continued

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

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

ERS	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Governmental Funds	\$ 3,680,209	\$ 841,773	\$ (1,542,781)
Proprietary Funds	585,581	133,898	(245,481)
	\$ 4,265,790	\$ 975,671	\$ (1,788,262)

PFRS	1% Increase (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Governmental Funds	\$ 6,262,463	\$ 1,732,906	\$ (2,049,800)

g. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2019, were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100	\$ 223,931,529
Plan net position	(182,718,124)	(32,451,037)	(215,169,161)
Employers' net pension liability	\$ 7,085,305	\$ 1,677,063	\$ 8,762,368
Ratio of plan net position to the employers' total pension liability	96.27%	95.09%	96.09%

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 8 - Postemployment Benefits Other Than Pensions

The City administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for continuation of medical insurance benefits for certain retirees and their families and can be amended by action of the City subject to applicable collective bargaining and employment agreements.

A summary of active employees and retired employees covered under the Plan as of December 31, 2019, is as follows:

Active employees	135
Retirees	120
Survivors	5
	260
	260

Employees covered include the employees of the Civil Service Employees Association, Police Benevolent Association, Firefighters, Sergeant's Association, non-union administration, and non-represented employees. The Plan is open to new entrants. The Plan is subject to good faith collective bargaining between the City and these covered employees. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The obligations of the Plan members, employers, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City. For the year ended December 31, 2019, the City's expected contribution to the Plan was \$1,645,463. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$255,699 for the year ended December 31, 2019.

At December 31, 2019, the City reported a liability of \$44,777,970 for its OPEB liability in the governmental activities. The OPEB liability was measured as of January 1, 2019 by an actuarial valuation using census data information as of that date. For the year ended December 31, 2019, the City recognized OPEB expense of \$3,012,390 in the governmental activities. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 4,540,170	\$ 6,952,430

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 8 - Postemployment Benefits Other Than Pensions - Continued

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

Year ending December 31,	
2020	\$ (489,539)
2021	(489,539)
2022	(489,539)
2023	(489,539)
2024	(489,539)
Thereafter	<u>35,435</u>
Total	<u>\$ (2,412,260)</u>

The total OPEB liability at December 31, 2019 was determined using the following actuarial assumptions:

Discount Rate - A discount rate of 2.75% was used, based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of December 31, 2019.

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Employees' Retirement System and the New York State Police and Fire Retirement System.

Spousal Coverage - 70% of employees were assumed to elect spousal coverage. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

Mortality - The sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, and then adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a generational basis. The mortality assumption has been revised as of January 1, 2019 in order to reflect the continued improvement in mortality rates. The revised assumption resulted in an increase in liabilities.

Turnover - Employees are assumed to withdraw in accordance with the rates based on the April 1, 2010 to March 31, 2015, New York State Employee's Retirement System. The City's experience is not expected to deviate significantly from this experience.

Election Percentage - It is assumed that all active employees will elect medical and prescription coverage upon retirement, if eligible. Actual elections for current retirees are used.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums is assumed as follows:

<u>Year</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>	<u>Prescription Drug</u>
2021	6.500%	4.500%	8.500%
2022	6.250%	4.250%	8.250%
2023	6.012%	4.250%	7.679%
2024	5.774%	4.250%	7.107%
2025	5.536%	4.250%	6.536%
2035	4.822%	4.250%	4.822%
2045	4.614%	4.250%	4.614%
2055	4.465%	4.250%	4.465%
2065	4.371%	4.250%	4.371%
2075+	3.784%	3.784%	3.784%

The annual rate of increase in healthcare costs was based on review of published National trend survey data, including long-term rates based on the Society of Actuaries Long-Term Healthcare Cost Trends Model (the Getzen Model).

Annual Rate of Increase in the Consumer Price Index (CPI): CPI of 2.25% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high-cost employer-sponsored health plans. This assumption is consistent with historical CPI data as well as future expectations.

Health Insurance Premiums - 2019 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Changes in the OPEB liability are as follows:

Balance as of January 1, 2019	<u>\$ 44,169,550</u>
Changes for the year	
Service cost	1,353,990
Interest	1,658,400
Change of benefit terms	(1,674,155)
Differences between Expected and Actual Experience	(4,356,807)
Changes of assumptions and other inputs	5,272,455
Benefit payment	<u>(1,645,463)</u>
Net changes	<u>608,420</u>
Balance as of December 31, 2019	<u>\$ 44,777,970</u>

The following presents the OPEB liability of the Plan as of December 31, 2019 calculated using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates 1% lower or 1% higher than the current rates:

1% Decrease	Current Rates	1% Increase
<u>\$ 38,352,374</u>	<u>\$ 44,777,970</u>	<u>\$ 52,961,914</u>

The following presents the OPEB liability of the Plan as of December 31, 2019 calculated using the discount rate of 2.75%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

1% Decrease 2.71%	Current Discount 3.71%	1% Increase 4.71%
<u>\$ 51,859,259</u>	<u>\$ 44,777,970</u>	<u>\$ 39,040,926</u>

Note 9 - Indebtedness

A summary of the changes in the City's indebtedness is as follows:

	Bonds	Bond Premiums	Installment Purchase Debt	Compensated Absences	Judgments and Claims Payable	Total
Payable, beginning of year	\$ 12,880,000	\$ 150,000	\$ 2,273,344	\$ 551,307	\$ 20,000	\$ 15,874,651
Additions	-	-	-	27,599	-	27,599
Retirements	<u>(1,030,000)</u>	<u>(12,500)</u>	<u>(225,238)</u>	<u>-</u>	<u>(20,000)</u>	<u>(1,287,738)</u>
Payable, end of year	<u>\$ 11,850,000</u>	<u>\$ 137,500</u>	<u>\$ 2,048,106</u>	<u>\$ 578,906</u>	<u>\$ -</u>	<u>\$ 14,614,512</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 9 - Indebtedness - Continued

A summary of the City's indebtedness under bonds payable, by fund, is as follows:

Description	Issue Date	Original Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2019
<u>General Fund</u>					
Streets/Parking Garage	Mar-05	\$ 2,410,000	4.000% - 4.125%	Mar-22	\$ 560,000
Streets/Parking Lot/Garage	Feb-13	2,370,284	2.125% - 3.000%	Feb-32	1,749,000
Streets/Bridge	May-17	1,859,726	2.000% - 3.000%	May-33	1,684,822
Streets/Equipment/Recreation	May-18	1,452,500	2.000% - 4.500%	May-30	1,339,000
Total General Fund					5,332,822
<u>Water Fund</u>					
Water Distribution/Mixers/MIOX	Feb-13	1,546,530	2.125% - 3.000%	Feb-32	1,146,000
Water Distribution	Jul-13	480,000	3.340% - 4.450%	Jun-22	175,000
Water Distribution	May-17	2,318,598	2.000% - 3.000%	May-33	2,100,540
Water Distribution/Plant	May-18	351,500	2.000% - 4.500%	May-30	322,000
Total Water Fund					3,743,540
<u>Sewer Fund</u>					
Wastewater Treatment	Nov-12	1,145,000	5.370% - 6.180%	May-24	540,000
Sanitary/Bar screen/Digester	Feb-13	1,628,186	2.125% - 3.000%	Feb-32	1,205,000
Sanitary Sewers	May-17	21,676	2.000% - 3.000%	May-33	19,638
Sanitary Sewers/Wastewater	May-18	351,500	2.000% - 4.500%	May-30	1,009,000
Total Sewer Fund					2,773,638
Total Governmental Funds					\$ 11,850,000

Aggregate annual debt service of bonds payable is as follows:

	Principal	Interest
For the year ending December 31,		
2020	\$ 1,055,000	\$ 322,365
2021	1,085,000	294,122
2022	1,125,000	261,476
2023	895,000	240,550
2024	920,000	219,119
2025 through 2029	4,270,000	716,616
2030 through 2033	2,500,000	127,500
	\$ 11,850,000	\$ 2,181,748

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 9 - Indebtedness - Continued

The following bond issues were authorized by the Common Council but unissued as of December 31, 2019:

Resolution Date	Amount Authorized	Purpose
June 20, 2017	\$ 8,700,000	Wastewater Treatment Plant Upgrade
April 7, 2020	300,000	Wastewater Treatment Plant Upgrade
October 15, 2019	1,487,277	Street Lighting

At December 31, 2019, the legal debt limit for the City was \$33,862,265, the debt margin was \$26,295,805 and all significant bond covenants have been complied with.

During 2012, the City entered into a long-term installment purchase contract for \$3,500,000 to fund various energy performance improvements within several City departments. The installment purchase contract requires annual payments of \$289,800 including interest at 2.84% with a final maturity in July 2027. A summary of the changes in the City's indebtedness under the installment purchase debt, by fund, is as follows:

	Principal Balance December 31, 2018	Retirements	Principal Balance December 31, 2019
General Fund	\$ 767,403	\$ (78,632)	\$ 688,771
Water Fund	1,342,360	(130,681)	1,211,679
Sewer Fund	163,581	(15,925)	147,656
	<u>\$ 2,273,344</u>	<u>\$ (225,238)</u>	<u>\$ 2,048,106</u>

Aggregate annual debt service of installment purchase debt payable is as follows:

	Principal	Interest
For the year ending December 31,		
2020	\$ 231,634	\$ 58,166
2021	238,213	51,588
2022	244,978	44,823
2023	251,935	37,865
2024	259,090	30,710
2025 through 2027	822,256	47,140
	<u>\$ 2,048,106</u>	<u>\$ 270,292</u>

Note 10 - Deferred Compensation Plan

The employees of the City may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 11 - Property Taxes

The City's property taxes are levied annually on or before December 31 of each year for the ensuing calendar year commencing on January 1. Real property values upon which taxes are levied are established as of July 1 of each year. Taxes for City and Library purposes are levied with the County of Otsego taxes as a single tax bill that is due and payable on January 1 and becomes delinquent on February 1. Pursuant to an intermunicipal agreement with the County of Otsego, the City collects taxes during the four-month collection period from January 1 through April 30. The first monies received are used to satisfy the total tax levies of the City and the Library; moneys received in excess to satisfy these levies are remitted to the County. In the event insufficient moneys are received to satisfy the City and Library levies, the County pays the City and Library an amount necessary to satisfy the balance of their levies. At the end of the four-month collection period, all unpaid taxes are returned to the County of Otsego for enforcement.

For the year ended December 31, 2019, the tax rates were as follows:

City	\$ 9.5167 per thousand of assessed value
Library	\$.9354 per thousand of assessed value

Note 12 - Fund Balances

A summary of the City's governmental fund balances as of December 31, 2019, is as follows:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Water	Community Development		
Nonspendable						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 1,498,742	1,498,742
Inventory	30,349	-	-	-	-	30,349
Prepaid expenses	168,450	-	7,261	-	22,952	198,663
Total nonspendable fund balances	198,799	-	7,261	-	1,521,694	1,727,754
Restricted						
Bonded debt	-	-	-	-	25,800	25,800
Capital	4,203,483	173,851	625,332	-	572,173	5,574,839
Capital, library	-	1,606,742	-	-	-	1,606,742
Insurance	40,645	-	-	-	-	40,645
Crime proceeds	49,639	-	-	-	-	49,639
DBL awareness	15,276	-	-	-	-	15,276
Employee benefits	388,925	-	31,903	-	33,085	453,913
EMS education	6,494	-	-	-	-	6,494
Repairs	315,452	-	-	-	-	315,452
Restricted gifts	69,515	-	-	-	225,659	295,174
Sewer Fund	-	-	-	-	988,072	988,072
Parks and recreation	337,775	-	-	-	-	337,775
Special event	12,438	-	-	-	-	12,438
Total restricted fund balances	5,439,642	1,780,593	657,235	-	1,844,789	9,722,259
Committed						
Capital projects	-	767,785	-	-	-	767,785
Capital project, library	-	488,566	-	-	-	488,566
Local grant program	-	-	-	69,686	-	69,686
Total committed fund balances	-	1,256,351	-	69,686	-	1,326,037
Assigned						
Appropriated assigned	330,000	-	307,000	-	35,897	365,897
Encumbrances	173,223	-	-	-	-	173,223
Greenway project	-	-	-	-	89,917	89,917
Unappropriated	-	-	235,445	-	386,797	622,242
Total assigned fund balances	503,223	-	542,445	-	512,611	1,251,279
Unassigned						
Capital projects	-	(1,406,118)	-	-	-	(1,406,118)
Unrestricted fund balance	6,856,804	-	-	(116,425)	-	6,740,379
Total unrestricted fund balances	6,856,804	(1,406,118)	-	(116,425)	-	5,334,261
Total fund balances	\$ 12,998,468	\$ 1,630,826	\$ 1,206,941	\$ (46,739)	\$ 3,879,094	\$ 19,361,590

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 13 - Commitments and Contingencies

a. Leases

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the City's account groups. Currently, the City is not obligated under any lease agreement with a term extending beyond December 31, 2019, except for the lease agreement for rental of real property for Oneonta Public Transit totaling \$19,255 for the year 2020, and a five-year lease for telephone equipment/services beginning in 2020 averaging approximately \$3,300 per month.

b. Grants

Grants received by the City are subject to audit by certain agencies of New York State and the federal government. Such audits could possibly result in disallowances and a request for return of funds. The City's administration believes disallowances, if any, will be immaterial.

c. Litigation

The City is currently defending fewer than two (2) miscellaneous matters through its insurance carrier. The City believes none of these claims approach the limits of coverage of the insurance maintained by the City. In addition, there are other claims and tax assessment cases pending against the City arising out of the normal course of business, which are not covered by insurance. These claims are being defended, and some amounts may be due said claimants for tax rebates, services performed, or items provided to the City. Even if successful on all claims, however, payment of the amounts in the controversy would not have a significant impact on the City's financial condition. Currently three (3) Notices of Claim have been filed against the City. All of these matters have been referred to our insurance carrier for appropriate action. No unasserted claims or assessment are known at this time.

d. Tax Abatements

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City has Payment In lieu of Taxes (PILOT) agreements with several organizations throughout the City for the purpose of encouraging economic development, affordable housing and not-for-profit activities.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is also subject to tax abatement agreements entered into by the Otsego County Industrial Development Agency.

Copies of agreements may be obtained from Virginia Lee, Director of Finance, 258 Main Street, Oneonta, NY 13820, vlee@oneonta.ny.us.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 13 - Commitments and Contingencies - Continued

d. Tax Abatements - Continued

The information relevant to the City's agreements for 2019 is as follows:

Real Property Tax Law Section	Tax Abatement	Agreement with	Amount of Taxes Abated
412-a	Municipal Industrial Development Agency (IDA)	Otsego County IDA	\$ 148,623
420-b	Private Community Service & Social Organization	City of Oneonta	28,892
422	Not-for-Profit Housing Companies	City of Oneonta	17,576
	Total		<u>\$ 195,091</u>

Note 14 - Subsequent Events

a. Water and Sewer Rates

On December 3, 2019, the City approved a 5% increase in the water and sewer rates to be effective January 1, 2020.

b. Property Acquisition

On January 1, 2020, the City approved to enter into a purchase agreement for the acquisition of three parcels of real property at the northwest corner of Market Street and Chestnut Street extension for \$425,000. A Restore New York Communities Initiative Program grant totaling \$477,915 will fund the demolition of the existing building and restoration of the site.

c. Bond Resolution

On April 4, 2020, the City approved a bond resolution increasing the June 20, 2017 bond authorization for the Wastewater Treatment Plant Upgrade from \$8,700,000 to \$9,000,000.

d. Debt Issuance

On August 25, 2020, the City issued bonds in the amount of \$3,034,000 to fund \$640,000 for Sanitary Sewers, \$300,000 for the Water Plant SCADA upgrade, \$725,000 for the Lower Reservoir improvements, and \$1,369,000 for the Wilber Lake Dam Reservoir improvements. The City received a premium of \$116,918 reducing the interest yield to 1.67%. The premium will be applied to future debt payments.

On August 4, 2020, the City refinanced the remaining balance due under the February 2013 Bond issue realizing a premium of \$383,008 which will be applied to future debt payments.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 14 - Subsequent Events - Continued

e. Federal Aviation Administration Grant

On September 9, 2020, the City received a Federal Aviation Administration grant in a total of \$1,516,224 for the Construction phase of the Reconstructing/Rehabilitating the Terminal Apron, Reconstruct the Apron Edge Lighting and Guidance Signs. This grant will not require any local match.

f. COVID-19 Pandemic

The City's operations are affected by the ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption caused by the outbreak is uncertain; however, it may result in a material adverse impact on the City's financial position. Possible effects in future periods include, but are not limited to, reductions in sales tax revenues, state aid, interest earnings, ambulance revenues, water and sewer rents, tourism and increased expenses resulting directly from implementing safety protocols.

In response to the adverse financial impact caused by the COVID-19 pandemic, the City deferred close to \$1 million in expenses during 2020. In addition, the City's proposed 2021 budget is designed for minimal/essential expenses with additional expenses to be reconsidered as of July 1, 2021 depending upon revenue sources received during the first six months of the year. Due to the strong fund balances the City retains, the City has been able to retain staffing and stay within the tax cap for the 2021 levy increase.

To support the Oneonta's Transit System, the City received a CARES ACT grant of over \$1 million to fund operating expenses.

Note 15 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. This statement required that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interest*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information of component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implication that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

City of Oneonta, New York

Notes to Financial Statements December 31, 2019

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No 32. The primary objectives of this statement are to: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

Management has not estimated the extent of the potential impact, if any, of these statements on the City's financial statements.

City of Oneonta, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	2019	2018
Beginning of year	\$ 44,169,550	\$ 47,135,961
Changes for the year		
Service cost	1,353,990	1,539,506
Interest	1,658,400	1,585,653
Change of benefit terms	(1,674,155)	(116,313)
Differences between Expected and Actual Experience	(4,356,807)	-
Changes of assumptions and other inputs	5,272,455	(4,434,159)
Benefit payment	(1,645,463)	(1,541,098)
Net changes	608,420	(2,966,411)
End of year	\$ 44,777,970	\$ 44,169,550
Covered payroll	\$ 7,501,819	\$ 7,516,923
OPEB liability as a percentage of covered payroll	596.89%	587.60%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Oneonta, New York

Required Supplementary Information - Schedule of Proportionate Share of the Net Pension Liability

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ERS (City and Huntington Memorial Library)					
City's proportion of the net pension liability	0.0137703%	0.0137921%	0.0135809%	0.0142715%	0.0142714%
City's proportionate share of the net pension liability	\$ 975,671	\$ 445,133	\$ 1,276,095	\$ 2,290,603	\$ 482,125
City's covered-employee payroll	\$ 3,954,931	\$ 3,818,283	\$ 3,596,975	\$ 3,566,549	\$ 3,511,316
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.67%	11.66%	35.48%	64.22%	13.73%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PFRS					
City's proportion of the net pension liability	0.1033298%	0.1059871%	0.1100060%	0.1210347%	0.1223603%
City's proportionate share of the net pension liability	\$ 1,732,906	\$ 1,071,272	\$ 2,280,043	\$ 3,583,580	\$ 336,808
City's covered-employee payroll	\$ 3,716,047	\$ 3,439,730	\$ 3,439,962	\$ 3,409,696	\$ 3,418,991
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.63%	31.14%	66.28%	105.10%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	95.09%	96.93%	93.46%	90.24%	99.00%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

City of Oneonta, New York

Required Supplementary Information - Schedule of Pension Contributions

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ERS (City and Huntington Memorial Library)										
Contractually required contribution	\$ 520,843	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660
Contributions in relation to the contractually required contribution	\$ 520,843	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,954,931	\$ 3,818,283	\$ 3,596,975	\$ 3,566,549	\$ 3,511,316	\$ 3,629,516	\$ 3,388,799	\$ 3,514,879	\$ 3,246,321	\$ 3,435,131
Contributions as a percentage of covered-employee payroll	13.17%	13.55%	14.17%	14.72%	16.98%	18.71%	19.58%	19.34%	14.55%	11.40%
PFRS										
Contractually required contribution	\$ 855,857	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142
Contributions in relation to the contractually required contribution	\$ 855,857	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,716,047	\$ 3,439,730	\$ 3,439,962	\$ 3,409,696	\$ 3,418,991	\$ 3,348,522	\$ 3,388,922	\$ 3,357,839	\$ 3,326,544	\$ 2,897,448
Contributions as a percentage of covered-employee payroll	23.03%	22.63%	23.47%	23.14%	24.70%	26.08%	28.21%	25.40%	22.73%	17.26%

City of Oneonta, New York

Supplementary Information - Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2019					
	Sewer	Miscellaneous Special Revenue	Permanent	Debt Service	Public Library	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 149,650	\$ -	\$ -	\$ 347,587	\$ 497,237
Cash and cash equivalents, restricted	591,019	142,145	20,000	25,800	35,862	814,826
Investments, restricted	605,258	47,789	1,478,742	-	-	2,131,789
Other receivables, less allowance for uncollectible	399,483	-	-	-	68,169	467,652
Due from other governments	310,347	-	-	-	-	310,347
Prepaid expenses	5,195	-	-	-	17,757	22,952
Total assets	<u>\$ 1,911,302</u>	<u>\$ 339,584</u>	<u>\$ 1,498,742</u>	<u>\$ 25,800</u>	<u>\$ 469,375</u>	<u>\$ 4,244,803</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 39,639	\$ 38,052	\$ -	\$ -	\$ 4,241	81,932
Accrued liabilities	9,016	-	-	-	10,639	19,655
Accrued compensated absences	122	-	-	-	-	122
Total liabilities	<u>48,777</u>	<u>38,052</u>	<u>-</u>	<u>-</u>	<u>14,880</u>	<u>101,709</u>
DEFERRED INFLOWS OF RESOURCES	<u>264,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,000</u>
FUND BALANCES						
Nonspendable	5,195	-	1,498,742	-	17,757	1,521,694
Restricted for						
Bonded debt	-	-	-	25,800	-	25,800
Capital reserves	572,173	-	-	-	-	572,173
Employee benefits	33,085	-	-	-	-	33,085
Restricted donations	-	189,797	-	-	35,862	225,659
Sewer operations	988,072	-	-	-	-	988,072
Assigned						
Appropriated	-	-	-	-	35,897	35,897
Unappropriated	-	111,735	-	-	364,979	476,714
Total fund balances	<u>1,598,525</u>	<u>301,532</u>	<u>1,498,742</u>	<u>25,800</u>	<u>454,495</u>	<u>3,879,094</u>
Total liabilities and fund balances	<u>\$ 1,911,302</u>	<u>\$ 339,584</u>	<u>\$ 1,498,742</u>	<u>\$ 25,800</u>	<u>\$ 469,375</u>	<u>\$ 4,244,803</u>

City of Oneonta, New York

Supplementary Information - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

	Year Ended December 31, 2019					
	Sewer	Miscellaneous Special Revenue	Permanent	Debt Service	Public Library	Total
REVENUES						
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ 467,394	\$ 467,394
Departmental income	1,897,556	-	-	-	11,245	1,908,801
Intergovernmental charges	310,347	-	-	-	50,000	360,347
Use of money and property	22,984	34,579	-	-	13,240	70,803
Sale of property and compensation for loss	103,924	-	-	-	2,663	106,587
Miscellaneous local sources	-	22,930	-	-	334,514	357,444
State aid	-	29,762	-	-	5,107	34,869
Total revenues	2,334,811	87,271	-	-	884,163	3,306,245
EXPENDITURES						
General government support	38,262	-	-	-	-	38,262
Culture and recreation	-	12,265	-	-	782,340	794,605
Home and community services	1,712,215	79,805	-	-	-	1,792,020
Benefits	95,155	-	-	-	-	95,155
Debt service, principal	266,086	-	-	-	-	266,086
Debt service, interest	85,363	-	-	-	-	85,363
Total expenditures	2,197,081	92,070	-	-	782,340	3,071,491
Excess (deficiency) of revenues over expenditures	137,730	(4,799)	-	-	101,823	234,754
OTHER FINANCING USES						
Operating transfers out	(160,000)	-	-	(20,910)	-	(180,910)
Net change in fund balances	(22,270)	(4,799)	-	(20,910)	101,823	53,844
FUND BALANCES, beginning of year	1,620,795	306,331	1,498,742	46,710	352,672	3,825,250
FUND BALANCES, end of year	\$ 1,598,525	\$ 301,532	\$ 1,498,742	\$ 25,800	\$ 454,495	\$ 3,879,094

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Combined Special Revenue Funds

Combined Special Revenue Fund Types (Excluding Community Development Fund and Permanent Fund)	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	2020 Adopted Budget
REVENUES						
Real property taxes	\$ 467,394	\$ 467,394	\$ -	\$ 467,394	\$ -	\$ 476,742
Departmental income	4,244,000	4,244,000	-	4,543,951	299,951	4,441,000
Intergovernmental charges	347,000	347,000	-	360,347	13,347	350,000
Use of money and property	16,250	16,250	-	89,784	73,534	31,000
Sale of property and compensation for loss	113,500	113,500	-	115,028	1,528	88,500
Miscellaneous local sources	284,949	329,784	44,835	359,476	29,692	296,921
State aid	7,500	87,262	79,762	79,045	(8,217)	7,500
Total revenues	5,480,593	5,605,190	124,597	6,015,025	409,835	5,691,663
EXPENDITURES						
General government support	297,984	213,998	83,986	136,409	77,589	390,026
Culture and recreation	851,728	910,094	(58,366)	794,605	115,489	903,560
Home and community services	3,273,963	3,760,563	(486,600)	3,417,234	343,329	3,694,275
Benefits	212,000	204,000	8,000	188,121	15,879	221,700
Debt service, principal	680,600	680,600	-	680,476	124	695,950
Debt service, interest	224,300	224,300	-	224,192	108	207,300
Total expenditures	5,540,575	5,993,555	(452,980)	5,441,037	552,518	6,112,811
Excess (deficiency) of revenues over expenditures	(59,982)	(388,365)	(328,383)	573,988	962,353	(421,148)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	40,847	40,847	-	56,411	15,564	15,586
Operating transfers out	(385,000)	(515,500)	(130,500)	(290,500)	225,000	(625,000)
Total other financing sources (uses)	(344,153)	(474,653)	(130,500)	(234,089)	240,564	(609,414)
Net change in fund balance	(404,135)	(863,018)	(458,883)	339,899	1,202,917	(1,030,562)
FUND BALANCE, beginning of year	3,221,594	3,221,594	-	3,221,594	-	3,561,493
FUND BALANCE, end of year	\$ 2,817,459	\$ 2,358,576	\$ (458,883)	\$ 3,561,493	\$ 1,202,917	\$ 2,530,931

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Miscellaneous Special Revenue Fund

	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	2020 Adopted Budget
REVENUES						
Use of money and property	\$ 11,750	\$ 11,750	\$ -	\$ 34,579	\$ 22,829	\$ 3,000
Miscellaneous local sources	7,885	7,885	-	22,930	15,045	9,020
State aid	-	29,762	29,762	29,762	-	-
Total revenues	19,635	49,397	29,762	87,271	37,874	12,020
EXPENDITURES						
Culture and recreation	21,155	27,655	(6,500)	12,265	15,390	21,020
Home and community services	38,000	82,312	(44,312)	79,805	2,507	39,000
Total expenditures	59,155	109,967	(50,812)	92,070	17,897	60,020
Net change in fund balance	(39,520)	(60,570)	(21,050)	(4,799)	55,771	(48,000)
FUND BALANCE, <i>beginning of year</i>	306,331	306,331	-	306,331	-	301,532
FUND BALANCE, <i>end of year</i>	\$ 266,811	\$ 245,761	\$ (21,050)	\$ 301,532	\$ 55,771	\$ 253,532

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sewer Fund

	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	2020 Adopted Budget
REVENUES						
Departmental income	\$ 1,775,000	\$ 1,775,000	\$ -	\$ 1,897,556	\$ 122,556	\$ 1,875,000
Intergovernmental charges	300,000	300,000	-	310,347	10,347	300,000
Use of money and property	-	-	-	22,984	22,984	8,000
Sale of property and compensation for loss	110,000	110,000	-	103,924	(6,076)	85,000
Total revenues	2,185,000	2,185,000	-	2,334,811	149,811	2,268,000
EXPENDITURES						
General government support	152,164	115,644	36,520	38,262	77,382	176,389
Sewer administration	226,295	226,685	(390)	211,445	15,240	233,299
Sanitary sewers	602,309	678,574	(76,265)	572,647	105,927	371,057
Wastewater treatment	933,682	1,018,354	(84,672)	928,123	90,231	1,178,717
Benefits	109,000	109,000	-	95,155	13,845	111,200
Debt service, principal	266,150	266,150	-	266,086	64	273,570
Debt service, interest	85,400	85,400	-	85,363	37	78,600
Total expenditures	2,375,000	2,499,807	(124,807)	2,197,081	302,726	2,422,832
Excess (deficiency) of revenues over expenditures	(190,000)	(314,807)	(124,807)	137,730	452,537	(154,832)
OTHER FINANCING USES						
Operating transfers out	(160,000)	(160,000)	-	(160,000)	-	(150,000)
Net change in fund balance	(350,000)	(474,807)	(124,807)	(22,270)	452,537	(304,832)
FUND BALANCE, beginning of year	1,620,795	1,620,795	-	1,620,795	-	1,598,525
FUND BALANCE, end of year	\$ 1,270,795	\$ 1,145,988	\$ (124,807)	\$ 1,598,525	\$ 452,537	\$ 1,293,693

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund

	Year Ended December 31, 2019					
	2019 Adopted Budget	2019 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2019 Actual	Variance With Actual vs. Modified Positive (Negative)	2020 Adopted Budget
REVENUES						
Real property taxes	\$ 467,394	\$ 467,394	\$ -	\$ 467,394	\$ -	\$ 476,742
Departmental income	9,000	9,000	-	11,245	2,245	9,000
Intergovernmental charges	47,000	47,000	-	50,000	3,000	50,000
Use of money and property	4,500	4,500	-	13,240	8,740	12,000
Sale of property and compensation for loss	3,500	3,500	-	2,663	(837)	3,500
Miscellaneous local sources	277,064	321,899	44,835	334,514	12,615	287,901
State aid	7,500	7,500	-	5,107	(2,393)	7,500
Total revenues	815,958	860,793	44,835	884,163	23,370	846,643
EXPENDITURES						
Culture and recreation	830,573	882,439	(51,866)	782,340	100,099	882,540
Net change in fund balance	(14,615)	(21,646)	(7,031)	101,823	123,469	(35,897)
FUND BALANCE, beginning of year	352,672	352,672	-	352,672	-	454,495
FUND BALANCE, end of year	\$ 338,057	\$ 331,026	\$ (7,031)	\$ 454,495	\$ 123,469	\$ 418,598

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