

**City of Oneonta, New York**

Financial Report

December 31, 2018

# City of Oneonta, New York

## Financial Report

December 31, 2018

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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, 2018, 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, 2018, 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.

### ***Emphasis of Matter***

As discussed in Note 1t to the financial statements, in 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***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 September 20, 2019, 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  
September 20, 2019



# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

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, 2018. Please read it in conjunction with the City's financial statements, which immediately follow this section.

### **Summary**

For the year ended December 31, 2018, 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 \$22,565,672, an increase of \$150,819 in comparison with the prior year. The General Fund increased \$1,197,528, Special Revenue Funds increased \$258,458, the Capital Projects Fund decreased \$1,318,341 and the Debt Service Fund increased \$13,174.
- Once again, the City maintained compliance with the New York State Tax Cap provisions. The City's 2018 tax levy was \$4,676,252, an increase of \$84,488 (1.84%), however, the Library's 2018 tax levy was \$458,046, an increase of \$36,953 (8.78%). Refer to Note 11 for further information regarding property taxes.
- The City's total bonds payable decreased by \$1,100,000 during the current year. This decrease is a result of the 2018 principal payments of \$950,000 in addition to reducing the outstanding debt balance by \$150,000 resulting from the City issuing \$2,890,000 of Public Improvement Refunding (Serial) Bonds for the purpose of refunding the 2008 and 2010 Serial Bonds. This refinancing provided a total net present value savings of \$233,229.

# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### Financial Highlights - Continued

- Following are the highlights for the total 2018 Capital Projects expenditures of \$3,123,371:
- Street projects \$ 1,829,247
  - Electronic records management system implementation 49,764
  - Installation of Kalwall Panels at the Public Safety Building 111,714
  - Downtown Revitalization Initiative (DRI) projects 108,000
  - Wastewater Treatment Plant Improvements 506,399
  - Lower Reservoir Dam Improvements 86,970
  - Parking Garage/Walkway Improvements 117,988
  - Water main project from Main Street to East End Avenue 93,004
  - Raw water transmission main improvement project 119,106
  - Other 101,179
- Funding of over \$1.1 million from federal and state grants was realized for various capital projects, including those indicated above.
- Community Development Grants: More than \$797,000 was received in grants with approximately \$109,000 being invested into public facilities capital projects and over \$671,000 being granted or loaned to home and business owners within the City.
- Capital Reserve Fund additions:
- General Fund:
- Public Safety \$ 150,000
  - Highway Equipment 200,000
  - Streets and Sidewalks 200,000
  - Insurance 40,000
  - Water Fund Equipment 100,000
  - Sewer Fund Equipment 150,000
- Capital Reserve Fund expenditures:
- Public Safety \$ 68,130
  - Highway Equipment - General Fund 65,251
  - Equipment - Water Fund 59,793
  - Equipment - Sewer Fund 26,493
- Capital Reserve Fund outstanding encumbrances
- General Fund:
- Public Safety \$ 189,569
  - Highway Equipment 235,055
  - Water Fund Equipment 71,227
  - Sewer Fund Equipment 71,227
- Other Reserves: The City has restricted donations reserved for the purchase of two ambulances. As of year-end, \$446,139 has been encumbered for said purchase, and the ambulances are expected to arrive in the fall of 2019.



# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### **Financial Highlights - Continued**

- In 2018, the City received \$200,000 of New York State SUNY Impact Aid. This aid is to assist in the cost of public safety services in recognition of additional costs for such services for communities hosting a State University of New York College.
- 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).

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.

# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### **Government-Wide Statements - Continued**

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.

### **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.

# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### Financial Analysis of the City as a Whole - Continued

#### ➤ Annual Budget & Multi-Year Planning - Continued

The City's principal operating budgets, including general, water, and sewer, increased by \$1,742,908, or 8.7%, 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 \$5,208,127 from net position of \$4,122,064 at December 31, 2017 (as restated) to \$9,330,191 at December 31, 2018. Net position of the City's governmental activities was restated from a previous balance of \$29,913,855 to \$3,172,616 as a result of adopting the provisions of GASB 75 relating to other postemployment benefits. The adoption of GASB 75 had no impact on the net position of the City's business-type activities.

- 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 2017, 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, 2018 amounted to \$50,561,838 (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 2018, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") upgraded the City's municipal bond rating of "A+" to "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, 2018, the City had a legal margin of approximately \$5,881,003, or 61.85% 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, 2018, the City had a debt margin of approximately \$25,061,842, or 75.31% of its borrowing power remaining.

# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### Financial Analysis of the Governmental Funds

The year ended December 31, 2018 concluded with an unassigned fund balance of \$7,424,183 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	\$ 1,674,917
Restricted	11,139,652
Committed	1,034,029
Assigned	1,292,891

**General Fund:** The General Fund is the principal operating fund of the City. As of December 31, 2018, the unassigned fund balance of the General Fund was \$7,798,358, an increase of \$951,223 (13.89%) from the previous year, while the total fund balance was \$13,841,985, an increase of \$1,197,528 (9.47%) 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 52.13% 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 \$3,602,946; this is comprised of \$2,180,131 reserved for a library building project, and a fund balance for all other projects equaling a net of \$1,422,815, consisting primarily of various City property/buildings, street, and park projects, with over \$1.3 million being for the water main from Main Street to East End Avenue project.

**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 \$613,039 with the total fund balance being \$941,796, an increase of \$85,905 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 \$831,293 with the total fund balance being \$1,620,795, an increase of \$145,201.

# City of Oneonta, New York

## Management's Discussion and Analysis December 31, 2018

### 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 \$353,695.

**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 - \$83,694
- Parks - \$22,638
- Susquehanna Greenway - \$87,771
- Park Roads - \$6,186
- Community Landscaping - \$70,861
- Youth Programs - \$17,530
- Korean War Memorial - \$3,991
- Animal Shelter - \$9,666
- Trainman Veteran Monument - \$1,517
- Allison Building - \$2,477

**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 \$312,677 with the total fund balance being \$352,672, an increase of \$60,064.

**Proprietary Funds:** The net position of the proprietary funds at the end of the current year totaled \$4,803,417, an increase from the previous year of \$3,752,574.

### 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.

### 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, 2018		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 8,414,398	\$ 428,363	\$ 8,842,761
Cash and cash equivalents, restricted	11,238,716	99,473	11,338,189
Investments, restricted	1,495,012	-	1,495,012
Loans receivable, less allowance for uncollectible	1,213,135	-	1,213,135
Other receivables, less allowance for uncollectible	1,456,941	43,541	1,500,482
Due from other governments	2,475,076	31,123	2,506,199
Inventory	125,912	126,073	251,985
Prepaid expenses	172,294	3,351	175,645
Other assets	370,100	-	370,100
Total current assets	26,961,584	731,924	27,693,508
<b>NONCURRENT ASSETS</b>			
Capital assets, net of accumulated depreciation	46,252,059	4,309,779	50,561,838
Total assets	73,213,643	5,041,703	78,255,346
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension resources	4,169,175	192,373	4,361,548
Total assets and deferred outflows of resources	77,382,818	5,234,076	82,616,894
<b>LIABILITIES</b>			
Accounts payable	1,567,260	31,011	1,598,271
Accrued liabilities	236,666	15,831	252,497
Due to other governments	1,333	220,506	221,839
Other payables	614	-	614
Bond interest payable	110,466	-	110,466
Current maturities of long-term liabilities	1,268,874	-	1,268,874
Total current liabilities	3,185,213	267,348	3,452,561
<b>NONCURRENT LIABILITIES</b>			
Bonds payable	11,850,000	-	11,850,000
Premiums on bonds payable	136,364	-	136,364
Installment purchase debt	2,048,106	-	2,048,106
Net pension liability	1,449,718	66,687	1,516,405
Accrued compensated absences	530,026	21,281	551,307
Other postemployment benefits	44,169,550	-	44,169,550
Judgments and claims payable	20,000	-	20,000
Total liabilities	63,388,977	355,316	63,744,293
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable tax resources	210,109	-	210,109
Other unavailable resources	1,599,645	-	1,599,645
Other postemployment benefits resources	3,817,447	-	3,817,447
Pension resources	3,740,808	174,401	3,915,209
Total liabilities and deferred inflows of resources	72,756,986	529,717	73,286,703
<b>NET POSITION</b>			
Net investment in capital assets	30,948,715	4,309,779	35,258,494
Restricted for			
Bonded debt	46,710	-	46,710
Capital	6,359,324	99,473	6,458,797
Capital, library	1,691,565	-	1,691,565
Insurance	40,000	-	40,000
Crime proceeds	42,694	-	42,694
DBL awareness	15,156	-	15,156
Employee benefits	445,886	-	445,886
EMS education	13,052	-	13,052
Grant programs	284,009	-	284,009
Repairs	309,873	-	309,873
Restricted gifts	632,478	-	632,478
Sewer operations	831,293	-	831,293
Parks and recreation	414,678	-	414,678
Special event	12,934	-	12,934
Internal service central garage	99,058	-	99,058
Unrestricted	(37,561,593)	295,107	(37,266,486)
Total net position	\$ 4,625,832	\$ 4,704,359	\$ 9,330,191

*See accompanying Notes to Financial Statements.*

# City of Oneonta, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2018							
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
<b>GOVERNMENTAL ACTIVITIES</b>							
General governmental support	\$ 3,437,426	\$ 577,098	\$ 83,717	\$ 53,135	\$ (2,723,476)	\$ -	\$ (2,723,476)
Public safety	8,574,521	2,594,362	282,739	-	(5,697,420)	-	(5,697,420)
Transportation	3,458,903	108,062	24,148	890,104	(2,436,589)	-	(2,436,589)
Economic opportunity and development	138,618	12,000	108,000	-	(18,618)	-	(18,618)
Culture and recreation	1,860,292	145,388	365,333	-	(1,349,571)	-	(1,349,571)
Home and community services	5,093,518	5,364,213	70,238	940,212	1,281,145	-	1,281,145
Interest on long-term debt	509,741	-	-	-	(509,741)	-	(509,741)
Total governmental activities	23,073,019	8,801,123	934,175	1,883,451	(11,454,270)	-	(11,454,270)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Public transportation	2,189,730	752,613	1,061,484	4,080,981	-	3,705,348	3,705,348
<b>Total government</b>	<b>\$ 25,262,749</b>	<b>\$ 9,553,736</b>	<b>\$ 1,995,659</b>	<b>\$ 5,964,432</b>	<b>\$ (11,454,270)</b>	<b>\$ 3,705,348</b>	<b>\$ (7,748,922)</b>
<b>GENERAL REVENUES</b>							
Real property tax and related tax items					\$ 5,310,399	\$ -	\$ 5,310,399
Sales tax					4,684,706	-	4,684,706
Non-property tax items					238,270	-	238,270
Interest earnings					52,912	-	52,912
Miscellaneous					236,773	40,043	276,816
State revenue sharing					2,231,857	-	2,231,857
Mortgage tax					162,089	-	162,089
Total general revenues					12,917,006	40,043	12,957,049
<b>TRANSFERS</b>							
Transfer from governmental to business-type activities					(9,520)	9,520	-
Total general revenues and transfers					12,907,486	49,563	12,957,049
<b>CHANGE IN NET POSITION</b>					<b>1,453,216</b>	<b>3,754,911</b>	<b>5,208,127</b>
<b>NET POSITION, beginning of year, as previously stated</b>					29,913,855	949,448	30,863,303
Adjustment for adoption of GASB 75					(26,741,239)	-	(26,741,239)
<b>NET POSITION, beginning of year, as restated</b>					<b>3,172,616</b>	<b>949,448</b>	<b>4,122,064</b>
<b>NET POSITION, end of year</b>					<b>\$ 4,625,832</b>	<b>\$ 4,704,359</b>	<b>\$ 9,330,191</b>

See accompanying Notes to Financial Statements.

# City of Oneonta, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2018					
	Major Funds				Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,613,363	\$ -	\$ -	\$ -	\$ 801,035	\$ 8,414,398
Cash and cash equivalents, restricted	5,683,847	3,306,929	354,403	46,710	1,846,827	11,238,716
Investments, restricted	-	-	-	-	1,495,012	1,495,012
Loans receivable, less allowance for uncollectible	-	-	1,213,135	-	-	1,213,135
Other receivables, less allowance for uncollectible	318,318	-	-	-	420,423	738,741
Due from other governments	675,006	1,305,561	104,354	-	359,155	2,444,076
Due from other funds	137,032	8,505	750	-	-	146,287
Inventory	9,844	-	-	-	-	9,844
Prepaid expenses	141,393	-	-	-	24,938	166,331
Other assets	-	-	370,100	-	-	370,100
<b>Total assets</b>	<b>\$ 14,578,803</b>	<b>\$ 4,620,995</b>	<b>\$ 2,042,742</b>	<b>\$ 46,710</b>	<b>\$ 4,947,390</b>	<b>\$ 26,236,640</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 302,703	\$ 1,018,049	\$ 29,817	\$ -	\$ 200,918	\$ 1,551,487
Accrued liabilities	203,932	-	-	-	25,924	229,856
Due to other funds	750	-	75,995	-	-	76,745
Due to other governments	1,333	-	-	-	-	1,333
Accrued compensated absences	1,179	-	-	-	-	1,179
Other payables	402	-	-	-	212	614
	<u>510,299</u>	<u>1,018,049</u>	<u>105,812</u>	<u>-</u>	<u>227,054</u>	<u>1,861,214</u>
Deferred inflows of resources						
Unavailable tax resources	210,109	-	-	-	-	210,109
Other unavailable resources	16,410	-	1,583,235	-	-	1,599,645
	<u>226,519</u>	<u>-</u>	<u>1,583,235</u>	<u>-</u>	<u>-</u>	<u>1,809,754</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>736,818</b>	<b>1,018,049</b>	<b>1,689,047</b>	<b>-</b>	<b>227,054</b>	<b>3,670,968</b>
Fund balances						
Nonspendable	151,237	-	-	-	1,523,680	1,674,917
Restricted	5,683,847	3,012,778	284,009	46,710	2,112,308	11,139,652
Committed	-	964,343	69,686	-	-	1,034,029
Assigned	208,543	-	-	-	1,084,348	1,292,891
Unassigned	7,798,358	(374,175)	-	-	-	7,424,183
<b>Total fund balances</b>	<b>13,841,985</b>	<b>3,602,946</b>	<b>353,695</b>	<b>46,710</b>	<b>4,720,336</b>	<b>22,565,672</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,578,803</b>	<b>\$ 4,620,995</b>	<b>\$ 2,042,742</b>	<b>\$ 46,710</b>	<b>\$ 4,947,390</b>	<b>\$ 26,236,640</b>

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

	<b>December 31, 2018</b>
Total fund balances in the fund financial statements for the governmental funds	\$ 22,565,672
This amount differs from amounts reported for governmental activities due to the following:	
Capital assets are included as assets, net of accumulated depreciation	46,160,147
Receivables for revenues earned, measurable but not available to provide current financial resources, are included in the government-wide financial statements	749,200
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	(3,817,447)
Deferred outflows - pension contributions subsequent to measurement date	1,125,139
Deferred outflows - pension resources	2,945,526
Deferred inflows - pension resources	(3,651,501)
Long-term liabilities for bonded debt	(12,880,000)
Long-term liabilities for the installment purchase debt by the City	(2,273,344)
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	(150,000)
Long-term liabilities for other postemployment benefit obligations	(44,169,550)
Long-term liabilities for pension obligations	(1,440,347)
Long-term liabilities for judgments and claims	(20,000)
Other current liabilities for compensated absences	(506,255)
Interest payable on long-term debt	(110,466)
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.	99,058
<b>Net position of governmental activities</b>	<b>\$ 4,625,832</b>

# City of Oneonta, New York

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

	Year Ended December 31, 2018					
	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
<b>REVENUES</b>						
Real property taxes	\$ 4,676,252	\$ -	\$ -	\$ -	\$ 458,046	\$ 5,134,298
Real property tax items	176,101	-	-	-	-	176,101
Non-property tax items	4,913,176	-	-	-	-	4,913,176
Departmental income	1,478,153	-	200,001	-	4,103,761	5,781,915
Intergovernmental charges	1,108,826	-	-	-	335,917	1,444,743
Use of money and property	119,127	20,270	27	-	39,407	178,831
Licenses and permits	72,900	-	-	-	-	72,900
Fines and forfeitures	247,763	-	-	-	-	247,763
Sale of property and compensation for loss	82,394	-	-	-	114,302	196,696
Miscellaneous local sources	79,008	-	-	223,485	352,973	655,466
State aid	2,692,921	1,138,150	193,027	-	77,832	4,101,930
Federal aid	2,715	52,087	604,816	-	-	659,618
Interfund revenues	373,290	-	-	-	-	373,290
Total revenues	<u>16,022,626</u>	<u>1,210,507</u>	<u>997,871</u>	<u>223,485</u>	<u>5,482,238</u>	<u>23,936,727</u>
<b>EXPENDITURES</b>						
General government support	2,760,975	161,651	-	71,533	134,965	3,129,124
Public safety	6,992,758	-	-	-	-	6,992,758
Transportation	1,776,054	2,009,929	-	-	-	3,785,983
Economic opportunity and development	30,618	108,000	-	-	-	138,618
Culture and recreation	695,954	20,602	-	-	817,168	1,533,724
Home and community services	315,232	823,189	934,556	-	2,971,444	5,044,421
Benefits	1,136,262	-	-	-	184,127	1,320,389
Debt service, principal	536,734	-	-	3,040,000	632,283	4,209,017
Debt service, interest	236,176	-	-	-	276,178	512,354
Total expenditures	<u>14,480,763</u>	<u>3,123,371</u>	<u>934,556</u>	<u>3,111,533</u>	<u>5,016,165</u>	<u>26,666,388</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,541,863</u>	<u>(1,912,864)</u>	<u>63,315</u>	<u>(2,888,048)</u>	<u>466,073</u>	<u>(2,729,661)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Current refunding bonds	-	-	-	2,890,000	-	2,890,000
Operating transfers in	133,185	730,925	-	46,710	13,995	924,815
Operating transfers out	(477,520)	(136,402)	(108,970)	(35,488)	(175,955)	(934,335)
Total other financing sources (uses)	<u>(344,335)</u>	<u>594,523</u>	<u>(108,970)</u>	<u>2,901,222</u>	<u>(161,960)</u>	<u>2,880,480</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,197,528</b>	<b>(1,318,341)</b>	<b>(45,655)</b>	<b>13,174</b>	<b>304,113</b>	<b>150,819</b>
<b>FUND BALANCES, beginning of year</b>	12,644,457	4,921,287	399,350	33,536	4,416,223	22,414,853
<b>FUND BALANCES, end of year</b>	<u>\$ 13,841,985</u>	<u>\$ 3,602,946</u>	<u>\$ 353,695</u>	<u>\$ 46,710</u>	<u>\$ 4,720,336</u>	<u>\$ 22,565,672</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, 2018</u>
Net change in fund balances shown for total governmental funds	\$ 150,819
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	749,200
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	3,364,004
Depreciation expense	<u>(3,127,291)</u>
Depreciation expense	236,713
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	3,990,000
Proceeds from the issuance of new debt, including proceeds from refunding bonds and premiums, are included in the statement of revenues, expenditures, and changes in fund balance as revenue, but included in the statement of net position as a long-term liability	(3,040,000)
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	1,888,465
Deferred outflows of resources - pension related	764,696
Deferred inflows of resources - pension related	(2,053,421)
Compensated absences	(4,801)
Installment purchase debt	219,017
Accrued interest	2,613
Judgments and claims payable	20,000
Other postemployment benefits	(1,467,748)
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>(2,337)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,453,216</u></b>

# City of Oneonta, New York

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

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Real property taxes	\$ 4,676,252	\$ 4,676,252	\$ -	\$ 4,676,252	\$ -	\$ 4,676,252
Real property tax items	169,000	169,000	-	176,101	7,101	169,000
Non-property tax items	4,608,148	4,608,148	-	4,913,176	305,028	4,859,000
Departmental income	1,381,500	1,414,000	32,500	1,478,153	64,153	1,352,500
Intergovernmental charges	1,125,500	1,125,500	-	1,108,826	(16,674)	1,177,500
Use of money and property	39,200	39,200	-	119,127	79,927	60,200
Licenses and permits	66,600	66,600	-	72,900	6,300	72,600
Fines and forfeitures	225,000	225,000	-	247,763	22,763	215,000
Sale of property and compensation for loss	16,500	16,500	-	82,394	65,894	12,500
Miscellaneous local sources	10,500	14,500	4,000	79,008	64,508	65,500
Interfund revenues	373,500	373,500	-	373,290	(210)	391,140
State aid	2,489,577	2,499,411	9,834	2,692,921	193,510	2,617,597
Federal aid	2,575	2,575	-	2,715	140	-
Total revenues	<u>15,183,852</u>	<u>15,230,186</u>	<u>46,334</u>	<u>16,022,626</u>	<u>792,440</u>	<u>15,668,789</u>
<b>EXPENDITURES</b>						
General government support	3,043,855	2,975,895	67,960	2,760,975	214,920	3,078,940
Public safety	7,119,324	7,985,291	(865,967)	6,992,758	992,533	7,173,904
Public health	2,750	2,750	-	-	2,750	2,750
Transportation	1,594,505	2,082,963	(488,458)	1,776,054	306,909	2,015,146
Economic opportunity and development	19,750	38,750	(19,000)	30,618	8,132	19,500
Culture and recreation	659,445	722,607	(63,162)	695,954	26,653	711,062
Home and community services	313,723	347,249	(33,526)	315,232	32,017	338,070
Benefits	1,233,000	1,184,501	48,499	1,136,262	48,239	1,168,000
Debt service, principal	536,800	536,800	-	536,734	66	574,850
Debt service, interest	239,100	239,100	-	236,176	2,924	189,900
Total expenditures	<u>14,762,252</u>	<u>16,115,906</u>	<u>(1,353,654)</u>	<u>14,480,763</u>	<u>1,635,143</u>	<u>15,272,122</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u><b>421,600</b></u>	<u><b>(885,720)</b></u>	<u><b>(1,307,320)</b></u>	<u><b>1,541,863</b></u>	<u><b>2,427,583</b></u>	<u><b>396,667</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	133,185	133,185	391,140
Operating transfers out	(735,000)	(668,377)	66,623	(477,520)	(190,857)	(615,000)
Total other financing sources (uses)	<u>(735,000)</u>	<u>(668,377)</u>	<u>66,623</u>	<u>(344,335)</u>	<u>(57,672)</u>	<u>(223,860)</u>
<b>Net change in fund balance</b>	<u><b>(313,400)</b></u>	<u><b>(1,554,097)</b></u>	<u><b>(1,240,697)</b></u>	<u><b>1,197,528</b></u>	<u><b>2,369,911</b></u>	<u><b>172,807</b></u>
<b>FUND BALANCE, beginning of year</b>	<u>12,644,457</u>	<u>12,644,457</u>	<u>-</u>	<u>12,644,457</u>	<u>-</u>	<u>13,821,985</u>
<b>FUND BALANCE, end of year</b>	<u><b>\$ 12,331,057</b></u>	<u><b>\$ 11,090,360</b></u>	<u><b>\$ (1,240,697)</b></u>	<u><b>\$ 13,841,985</b></u>	<u><b>\$ 2,369,911</b></u>	<u><b>\$ 13,994,792</b></u>

See accompanying Notes to Financial Statements.

# City of Oneonta, New York

## Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2018	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 428,363	\$ -
Cash and cash equivalents, restricted	99,473	-
Other receivables, less allowance for uncollectible	43,541	-
Inventory	-	242,141
Due from other governments	31,123	-
Prepaid expenses	3,351	5,963
	605,851	248,104
<b>NONCURRENT ASSETS</b>		
Capital assets, net of accumulated depreciation	4,309,779	91,912
Total assets	4,915,630	340,016
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension resources	192,373	98,510
	5,108,003	438,526
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	31,011	15,773
Accrued liabilities	15,831	6,810
Due to other funds	-	69,542
Due to other governments	220,506	-
Total current liabilities	267,348	92,125
<b>NONCURRENT LIABILITIES</b>		
Net pension liability	66,687	9,371
Accrued compensated absences	21,281	22,592
Total liabilities	355,316	124,088
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension resources and other	174,401	89,307
	529,717	213,395
<b>NET POSITION</b>		
Net investment in capital assets	4,309,779	91,912
Restricted	99,473	-
Unrestricted	169,034	133,219
	4,578,286	\$ 225,131
<b>Total net position</b>		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	126,073	
	\$ 4,704,359	
<b>Net position of business-type activities</b>		

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

	<b>Year Ended December 31, 2018</b>	
	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Public Transportation Enterprise Fund</b>	<b>Internal Service Central Garage</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 752,613	\$ 512,270
State aid	1,021,781	-
Federal aid	14,394	-
Total operating revenues	1,788,788	512,270
<b>OPERATING EXPENSES</b>		
Personal service	776,614	253,769
Benefits	263,813	112,030
Contractual expense	809,369	121,919
Depreciation	336,959	34,220
Total operating expenses	2,186,755	521,938
<b>Operating loss</b>	<b>(397,967)</b>	<b>(9,668)</b>
<b>NONOPERATING REVENUES</b>		
Other revenue	339,551	4,355
State aid capital	630,458	-
Federal aid capital	3,176,325	-
Total nonoperating revenues	4,146,334	4,355
<b>Income (loss) before transfer</b>	<b>3,748,367</b>	<b>(5,313)</b>
Transfer from governmental funds	9,520	-
<b>CHANGE IN NET POSITION</b>	<b>3,757,887</b>	<b>(5,313)</b>
<b>NET POSITION, <i>beginning of year</i></b>	820,399	230,444
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 4,578,286</b>	<b>\$ 225,131</b>
<b>CHANGE IN NET POSITION</b>	\$ 3,757,887	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(2,976)	
<b>CHANGE IN NET POSITION, business-type activities</b>	<b>\$ 3,754,911</b>	

See accompanying Notes to Financial Statements.

# City of Oneonta, New York

## Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2018	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Cash received from providing services	\$ 749,046	\$ 512,270
Cash paid for contractual expenses	(864,788)	(121,745)
Cash paid for personal services and employee benefits	(984,343)	(365,709)
Cash received from other operating sources	1,037,655	-
	<b>(62,430)</b>	<b>24,816</b>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>		
Repayment of advances from other funds, net	-	(29,171)
Receipt of transfers from other funds	9,520	-
Receipts from other sources	21,669	4,040
	<b>31,189</b>	<b>(25,131)</b>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Increase in restricted cash	(64,573)	-
Purchase of fixed assets	(4,025,711)	-
Capital contributed by other sources	6,760	-
Capital grants received from other governments	4,107,302	-
Proceeds from sale of assets	9,608	315
	<b>33,386</b>	<b>315</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,145</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>426,218</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 428,363</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (397,967)	\$ (9,668)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	336,959	34,220
(Increase) decrease in		
Other receivables	130	1,967
Federal and state receivables	3,375	-
Deferred outflows	15,207	(32,482)
Inventory	-	10,244
Prepaid expenses	(79)	(39)
Increase (decrease) in		
Accounts payable and accrued liabilities	(52,497)	(8,881)
Due to other governments	(1,896)	-
Net pension liability	(100,040)	(51,228)
Deferred inflows	137,202	77,474
Deferred revenues	(3,697)	-
Accrued compensated absences	873	3,209
	<b>\$ (62,430)</b>	<b>\$ 24,816</b>

See accompanying Notes to Financial Statements.

# City of Oneonta, New York

## Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	<b>December 31, 2018</b>
	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and equivalents, restricted	<u>\$ 20,538</u>
<b>LIABILITIES</b>	
Accrued liabilities	4,389
Customer deposits	2,700
Due to other governments	8,789
Other payables	<u>4,660</u>
<b>Total liabilities</b>	<u><b>\$ 20,538</b></u>



# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### **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. In addition, the City employs a City Manager who is responsible for the daily administration of the City. 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 as set forth by GASB.

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, 2018

### **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, 2018

### **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.

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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

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

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 liability; and deferred inflows of resources related to the other postemployment benefits liability, and for certain revenues other than property taxes.

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.

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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### e. Fund Accounting - Continued

##### Special Revenue Funds - Continued

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.

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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### *e. Fund Accounting - Continued*

*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.

At December 31, 2018, the City had \$1,495,012 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 "AAA" 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.

#### *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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### *g. Cash, Cash Equivalents, and Investments - Continued*

##### *Fair Value of Financial Instruments - Continued*

- 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.

#### *h. Restricted Cash and Cash Equivalents*

Certain cash balances are restricted because their use is limited. At December 31, 2018, the City had restricted cash and cash equivalents related to governmental activities, comprised of the following:

General Fund capital reserve	\$ 3,993,259
General Fund employee benefit reserve	382,047
General Fund repair reserve	309,873
General Fund insurance reserve	40,000
General Fund crime proceeds reserve	42,694
General Fund handicap awareness program	15,156
General Fund EMS training	13,052
General Fund restricted gift	460,154
General Fund parks and recreation	414,678
General Fund special event	12,934
Community Development Fund	354,403
Miscellaneous Special Revenue Fund	132,133
Water Fund capital equipment reserve	325,030
Water Fund employee benefit reserve	31,339
Sewer Fund	528,078
Sewer Fund capital equipment reserve	753,122
Sewer Fund employee benefit reserve	32,500
Library Fund restricted gifts	24,625
Capital Projects Fund	3,306,929
Debt Service Fund	46,710
Permanent Fund	20,000
Total restricted cash and cash equivalents	<u>\$ 11,238,716</u>

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### *h. Restricted Cash and Cash Equivalents - Continued*

In addition, the City had restricted cash and cash equivalents related to business-type activities and fiduciary activities of \$99,473 and \$20,538 for the public transit capital reserve and trust and agency, respectively.

#### *i. 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:

Permanent	\$ 1,478,742
Miscellaneous special revenue	<u>16,270</u>
Total restricted investments	<u><u>\$ 1,495,012</u></u>

#### *j. 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.

#### *k. 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.

#### *l. 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.



# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### *l. Capital Assets - Continued*

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

Long-lived assets to be held and used are tested for recoverability whenever events of 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, 2018.

#### *m. 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 nonvesting accumulated rights to receive sick pay benefits.

#### *n. 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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### *n. Deferred Outflows/Inflows of Resources - Continued*

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.

#### *o. 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.

#### *p. 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.

#### *q. 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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

#### q. Fund Balance/Net Position - Continued

*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.

*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 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, 2018.

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, 2018

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

#### r. 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
<b>Assigned</b>						
General Government Support	\$ 34,914	\$ -	\$ -	\$ -	\$ -	\$ 34,914
Public Safety	17,964	-	-	-	-	17,964
Transportation	17,744	-	-	-	-	17,744
Economic Opportunity & Development	3,700	-	-	-	-	3,700
Culture and Recreation	4,221	-	-	-	-	4,221
Home and Community Services	-	183,030	-	120,515	-	303,545
	<u>78,543</u>	<u>183,030</u>	<u>-</u>	<u>120,515</u>	<u>-</u>	<u>382,088</u>
<b>Restricted</b>						
Public Safety	635,708	-	-	-	-	635,708
Transportation	235,055	-	-	-	-	235,055
	<u>870,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870,763</u>
<b>Sewer Restricted</b>						
Home and Community Services	-	-	-	-	152,307	152,307
<b>Capital Projects-Unrestricted</b>						
Wastewater Treatment Plant	-	-	755,101	-	-	755,101
<b>Capital Projects Restricted</b>						
DRI-Branding & Marketing/Wayfinding	-	-	72,000	-	-	72,000
Main Street Water Main	-	-	13,264	-	-	13,264
Airport Projects	-	-	67,219	-	-	67,219
	<u>-</u>	<u>-</u>	<u>152,483</u>	<u>-</u>	<u>-</u>	<u>152,483</u>
<b>Capital Projects Committed</b>						
Public Safety Building	-	-	1,395	-	-	1,395
Street Projects	-	-	741	-	-	741
Lower Reservoir Dam Improvements	-	-	50,185	-	-	50,185
Water Plant SCADA Replacement	-	-	303,800	-	-	303,800
	<u>-</u>	<u>-</u>	<u>356,121</u>	<u>-</u>	<u>-</u>	<u>356,121</u>
	<u>\$ 949,306</u>	<u>\$ 183,030</u>	<u>\$ 1,263,705</u>	<u>\$ 120,515</u>	<u>\$ 152,307</u>	<u>\$ 2,668,863</u>

#### s. 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, 2018

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

*t. Adoption of New Accounting Standard*

Effective January 1, 2018, the City implemented the provisions of GASB Statement No. 75, (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes financial reporting standards for Other Postemployment Benefit (OPEB) plans for state and local governments. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 establishes requirements for additional note disclosure and required supplementary information.

As a result of the adoption of GASB 75, the City measured and recognized OPEB amounts in accordance with GASB 75, included additional note disclosures in Note 8, presented a schedule of other postemployment benefits liability as required supplementary information, and restated the opening net position of governmental activities as follows:

Net Position December 31, 2017	Adoption of GASB 75	Restated Net Position December 31, 2017
\$ 29,913,855	\$ (26,741,239)	\$ 3,172,616

### 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.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 2 - Legal Compliance, Budgets - Continued

#### a. Budgets - Continued

- 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, 2017 outstanding purchase orders. The 2017 outstanding purchase orders modified the 2018 adopted budget by \$126,284, for the General Fund, \$49,615, for the Water Fund, and \$90,277, for the Sewer Fund. The following are the amendments to the original budget approved during the year:

General Fund: \$20,000 to create an insurance reserve, \$32,500 for demolition, and \$52,130 for a tractor. Funded via Reserves/Grants: \$29,350 for roof repairs, \$134,000 for law enforcement software, \$12,600 for law enforcement weapon supplies, \$101,792 for ambulance cots, \$446,139 for two ambulances, \$27,208 for CPR devices, \$6,000 for fire protection gear, \$285,195 for public works vehicles, \$9,833 for electric charging station, and \$4,000 for bicycle racks and repair station.

Water Fund: \$35,000 for removing trees and stumps at the Wilber Lake Upper Reservoir, \$30,000 for value repairs, and \$22,155 for a contribution to the Lower Reservoir Dam capital project. Funded via Equipment Reserve: \$97,765 towards three vehicles and \$33,300 towards a backhoe.

Sewer Fund: \$97,765 towards three vehicles funded via the Equipment Reserve.

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

#### 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, 2018, the City had a constitutional tax margin of \$5,881,003, or 61.85% of its taxing power.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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	\$ 17,517,213	\$ -	\$ 17,517,213	\$ -	\$ 17,580,094
<u>Non-Pooled Deposits</u>					
Non-pooled Cash and Cash Equivalents					
General	2,261,318	-	2,261,318	-	2,261,318
Special Revenue	373,984	-	373,984	-	354,403
Trust and Agency	22,433	-	22,433	-	-
<u>Petty Cash on Hand</u>					
General	3,400	-	3,400	-	3,400
Special Revenue	105	-	105	-	105
Enterprise	2,168	-	2,168	-	2,168
Total cash and cash equivalents	<u>\$ 20,180,621</u>	<u>\$ -</u>	<u>\$ 20,180,621</u>	<u>\$ -</u>	<u>\$ 20,201,488</u>

### Note 4 - Receivables

#### a. Due from Other Governments

*General Fund:* The General Fund receivable consists primarily of \$634,471 representing November and December 2018 sales tax distributions due from the County of Otsego, \$11,254 from FEMA aid for the March 2017 Storm Stella, and \$16,466 for various grants.

*Special Revenue Funds:* Receivables consist of \$288,917 due from the Town of Oneonta for 2018 sewer services.

*Community Development Fund:* Receivables of \$104,354 consist entirely of amounts due from various community development grants.

*Capital Project Fund:* The Capital Project Fund receivable consists primarily of \$694,393 for state grants for street repairs, \$47,675 due for FAA airport grants, \$108,000 for the NYS Downtown Revitalization Initiative (DRI) and \$424,724 for NYS Environmental Facilities Corporation grants.

*Enterprise Fund:* The Enterprise Fund receivable consists of \$5,813 due under a NYS Department of Transportation Grant, and \$25,310 due from Otsego County for shared services.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 4 - Receivables - Continued

#### *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	\$ 58,486
CDBG - First Time Home Owners	223,870
NYS Housing Trust Fund - Home Program	2,377
NYS Small Cities CDBG - First Time Home Owners	302,276
Housing Visions	299,391
NYS Affordable Housing Corp	273,549
NYS CDBG - Multi-Unit Housing Rehabilitation	450,686
	<hr/>
	1,610,635
Less allowances	(397,500)
	<hr/>
	<u>\$ 1,213,135</u>

#### *c. Other Receivables*

*General Fund:* The City fire department provides ambulance service and bills based on service provided. During 2018, the City billed 2,274 calls. The balance of unpaid ambulance bills as of December 31, 2018 equaled \$280,419 and was offset by an allowance for uncollectible accounts of \$112,000. Other receivables also include franchise fees, code enforcement fees, and other miscellaneous receivables considered fully collectible at December 31, 2018, unless otherwise deferred.

*Water Fund:* The Water Fund receivable consists primarily of \$251,519 for billed water usage. This balance was offset by an allowance for uncollectible accounts of \$27,500.

*Sewer Fund:* The Sewer Fund receivable consists primarily of \$124,092 for billed sewer rents considered fully collectible at December 31, 2018.

*Proprietary Fund:* The Proprietary Fund receivable consists of \$43,541 due from various clients for bus services provided through Oneonta Public Transit considered fully collectible at December 31, 2018.

*Library Fund:* The Library Fund receivable primarily consists of \$65,655 for an interest distribution from an endowment held at a local bank.



# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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	\$ 137,032	\$ 750
Community Development	750	75,995
Internal Service	-	69,542
Capital Projects	8,505	-
	<u>\$ 146,287</u>	<u>\$ 146,287</u>

### Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	Balance, January 1, 2018	Additions	Retirements	Balance, December 31, 2018
Land	\$ 1,677,368	\$ -	\$ -	\$ 1,677,368
Buildings	24,901,181	111,714	-	25,012,895
Improvements	11,976,269	-	(91,818)	11,884,451
Machinery and equipment	16,776,282	4,666,887	(3,853,460)	17,589,709
Infrastructure	45,028,305	1,965,690	-	46,993,995
Construction in progress	33,164	751,912	(33,164)	751,912
	<u>100,392,569</u>	<u>7,496,203</u>	<u>(3,978,442)</u>	<u>103,910,330</u>
Less accumulated depreciation	<u>(53,730,743)</u>	<u>(3,498,470)</u>	<u>3,880,721</u>	<u>(53,348,492)</u>
	<u>\$ 46,661,826</u>	<u>\$ 3,997,733</u>	<u>\$ (97,721)</u>	<u>\$ 50,561,838</u>

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	23,265,655	1,747,240	25,012,895
Improvements	11,755,782	128,669	11,884,451
Machinery and equipment	11,950,794	5,638,915	17,589,709
Infrastructure	46,993,995	-	46,993,995
Construction in progress	751,912	-	751,912
	<u>96,389,543</u>	<u>7,520,787</u>	<u>103,910,330</u>
Less accumulated depreciation			
Buildings	(14,404,191)	(1,735,333)	(16,139,524)
Improvements	(4,204,029)	(128,669)	(4,332,698)
Machinery and equipment	(7,852,575)	(1,347,006)	(9,199,581)
Infrastructure	<u>(23,676,689)</u>	<u>-</u>	<u>(23,676,689)</u>
	<u>(50,137,484)</u>	<u>(3,211,008)</u>	<u>(53,348,492)</u>
	<u>\$ 46,252,059</u>	<u>\$ 4,309,779</u>	<u>\$ 50,561,838</u>

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 6 - Capital Assets - Continued

Depreciation expense for 2018 was charged to functions of the primary government as follows:

General governmental support	\$ 145,887
Public safety	430,292
Transportation	1,474,500
Culture and recreation	252,013
Home and community services	824,599
	<hr/>
	\$ 3,127,291
	<hr/>

### 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. System 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.

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](http://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.

#### *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](http://www.osc.state.ny.us).

#### *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 City's average contribution rate for ERS and PFRS for 2018 was approximately 13.8% and 22.8% 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:

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 7 - Retirement Systems - Continued

#### *Contributions - Continued*

	ERS	PFRS
2018	\$ 517,430	\$ 778,459
2017	509,668	807,516
2016	525,036	789,155

#### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2018, the City reported a liability of \$1,449,718 in the governmental activities statement of net position and \$66,687 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, 2018, 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, 2018, the City's proportion was .0123934% in the Employee Retirement System and .1059871% in the Police and Fire Retirement System. The Huntington Memorial Library proportion was .0013987% in the Employee Retirement System.

For the year ended December 31, 2018, the City recognized pension expense of \$1,270,602 in the governmental funds and \$107,393 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, 2018, 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	\$ 580,489	\$ 399,992
Changes of assumptions	1,071,147	-
Net differences between projected and actual investment earnings on pension plan investments	1,435,401	2,868,060
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,130	472,756
City contributions subsequent to the measurement date	1,068,008	-
Total	\$ 4,169,175	\$ 3,740,808

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 7 - Retirement Systems - Continued

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

	Proprietary Funds	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,201	\$ 15,867
Changes of assumptions	35,696	-
Net differences between projected and actual investment earnings on pension plan investments	78,188	154,337
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,157	4,197
City contributions subsequent to the measurement date	57,131	-
Total	\$ 192,373	\$ 174,401

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. 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,			
2019	\$ 164,661	\$ 11,266	\$ 175,927
2020	123,468	7,829	131,297
2021	(597,750)	(39,899)	(637,649)
2022	(347,410)	(18,355)	(365,765)
2023	17,390	-	17,390
Total	\$ (639,641)	\$ (39,159)	\$ (678,800)

#### *Actuarial Assumptions*

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. Significant actuarial assumptions used in the valuation were as follows:

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 7 - Retirement Systems - Continued

#### *Actuarial Assumptions - Continued*

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 2010 - 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, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

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, 2018 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%	

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 7 - Retirement Systems - Continued

#### *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.

#### *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	\$ 2,863,489	\$ 378,446	\$ (1,723,785)
Proprietary Funds	504,507	66,687	(303,707)
	<u>\$ 3,367,996</u>	<u>\$ 445,133</u>	<u>\$ (2,027,492)</u>
PFRS	1% Increase (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Governmental Funds	\$ 5,247,382	\$ 1,071,272	\$ (2,431,504)

#### *Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the employers as of March 31, 2018, were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 183,400,590	\$ 32,914,423	\$ 216,315,013
Plan net position	(180,173,145)	(31,903,666)	(212,076,811)
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>\$ 1,010,757</u>	<u>\$ 4,238,202</u>
Ratio of plan net position to the employers' total pension liability	98.24%	96.93%	98.04%

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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, 2018, is as follows:

Active employees	131
Retirees	115
Survivors	<u>5</u>
	<u><u>251</u></u>

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, 2018, the City's expected contribution to the Plan was \$1,541,098. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$247,841 for the year ended December 31, 2018.

At December 31, 2018, the City reported a liability of \$44,169,550 for its OPEB liability in the governmental activities. The OPEB liability was measured as of January 1, 2018 by an actuarial valuation using census data information as of that date. For the year ended December 31, 2018, the City recognized OPEB expense of \$3,125,159 in the governmental activities. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	<u>\$ -</u>	<u>\$ 3,817,447</u>

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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,	
2019	\$ (616,712)
2020	(616,712)
2021	(616,712)
2022	(616,712)
2023	(616,712)
Thereafter	<u>(733,887)</u>
Total	<u>\$ (3,817,447)</u>

The total OPEB liability at December 31, 2018 was determined using the following actuarial assumptions:

*Discount Rate* - A discount rate of 3.71% was used, based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of December 31, 2018.

*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 RP-2014 Mortality Table for employees and healthy annuitants, adjusted backwards to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a generational basis. The mortality assumption has been revised as of January 1, 2018 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, 2018

### 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:

Year	Pre-65 Medical	Post-65 Medical	Prescription Drug
2019	7.000%	5.000%	9.500%
2020	6.750%	4.750%	9.000%
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* - 2018 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, 2018

### Note 8 - Postemployment Benefits Other Than Pensions - Continued

Changes in the OPEB liability are as follows:

	2018
Balance as of January 1, 2018	\$ 47,135,961
Changes for the year	
Service cost	1,539,506
Interest	1,585,653
Change of benefit terms	(116,313)
Changes of assumptions and other inputs	(4,434,159)
Benefit payment	(1,541,098)
Net changes	(2,966,411)
Balance as of December 31, 2018	\$ 44,169,550

The following presents the OPEB liability of the Plan as of December 31, 2018 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
\$ 37,775,271	\$ 44,169,550	\$ 52,715,176

The following presents the OPEB liability of the Plan as of December 31, 2018 calculated using the discount rate of 3.71%, 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%
\$ 50,822,787	\$ 44,169,550	\$ 38,728,255

### 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, <i>beginning of year</i>	\$ 13,980,000	\$ -	\$ 2,492,361	\$ 541,245	\$ 40,000	\$ 17,053,606
Additions	-	150,000	-	10,062	-	160,062
Retirements	(1,100,000)	-	(219,017)	-	(20,000)	(1,339,017)
Payable, <i>end of year</i>	\$ 12,880,000	\$ 150,000	\$ 2,273,344	\$ 551,307	\$ 20,000	\$ 15,874,651

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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, 2018
<u>General Fund</u>					
Streets/Parking Garage	Mar-05	\$ 2,410,000	4.000% - 4.125%	Mar-22	\$ 730,000
Streets/Parking Lot/Garage	Feb-13	2,370,284	2.125% - 3.000%	Feb-32	1,862,000
Streets/Bridge	May-17	1,859,726	2.000% - 3.000%	May-33	1,784,452
Streets/Equipment/Recreation	May-18	1,452,500	2.000% - 4.500%	May-30	1,452,500
Total General Fund					<u>5,828,952</u>
<u>Water Fund</u>					
Water Distribution/Mixers/MIOX	Feb-13	1,546,530	2.125% - 3.000%	Feb-32	1,221,000
Water Distribution	Jul-13	480,000	3.340% - 4.450%	Jun-22	230,000
Water Distribution	May-17	2,318,598	2.000% - 3.000%	May-33	2,224,749
Water Distribution/Plant	May-18	351,500	2.000% - 4.500%	May-30	351,500
Total Water Fund					<u>4,027,249</u>
<u>Sewer Fund</u>					
Wastewater Treatment	Nov-12	1,145,000	5.370% - 6.180%	May-24	635,000
Sanitary/Barscreen/Digester	Feb-13	1,628,186	2.125% - 3.000%	Feb-32	1,282,000
Sanitary Sewers	May-17	21,676	2.000% - 3.000%	May-33	20,799
Sanitary Sewers/Wastewater	May-18	351,500	2.000% - 4.500%	May-30	1,086,000
Total Sewer Fund					<u>3,023,799</u>
Total Governmental Funds					<u>\$ 12,880,000</u>

Aggregate annual debt service of bonds payable is as follows:

<u>Governmental Funds</u>	<u>Principal</u>	<u>Interest</u>
For the year ending December 31,		
2019	\$ 1,030,000	\$ 349,497
2020	1,055,000	322,365
2021	1,085,000	294,122
2022	1,125,000	261,476
2023	895,000	240,550
2024 through 2028	4,385,000	847,784
2029 through 2033	3,305,000	215,450
	<u>\$ 12,880,000</u>	<u>\$ 2,531,244</u>

The following bond issues were authorized by the Common Council but unissued as of December 31, 2018:

<u>Resolution Date</u>	<u>Amount Authorized</u>	<u>Purpose</u>
June 20, 2017	\$ 8,700,000	Wastewater Treatment Plant Upgrade
January 16, 2018	300,000	Water Plant SCADA System
August 26, 2019	725,000	Water Lower Reservoir Dam

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 9 - Indebtedness - Continued

At December 31, 2018, the legal debt limit for the City was \$33,279,593, the debt margin was \$25,061,842 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, 2017	<u>Retirements</u>	Principal Balance December 31, 2018
General Fund	\$ 843,863	\$ (76,460)	\$ 767,403
Water Fund	1,469,432	(127,072)	1,342,360
Sewer Fund	179,066	(15,485)	163,581
	<u>\$ 2,492,361</u>	<u>\$ (219,017)</u>	<u>\$ 2,273,344</u>

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

	<u>Principal</u>	<u>Interest</u>
For the year ending December 31,		
2019	\$ 225,238	\$ 64,563
2020	231,634	58,166
2021	238,213	51,588
2022	244,978	44,823
2023	251,935	37,865
2024 through 2027	<u>1,081,346</u>	<u>77,851</u>
	<u>\$ 2,273,344</u>	<u>\$ 334,856</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, 2018

### 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, 2018, the tax rates were as follows:

City	\$	9.5039 per thousand of assessed value
Library	\$	.9140 per thousand of assessed value

### Note 12 - Fund Balances

A summary of the City's governmental fund balances as of December 31, 2018, is as follows:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
<b>Nonspendable</b>						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 1,498,742	\$ 1,498,742
Inventory	9,844	-	-	-	-	9,844
Prepaid expenses	141,393	-	-	-	24,938	166,331
Total nonspendable fund balances	151,237	-	-	-	1,523,680	1,674,917
<b>Restricted</b>						
Bonded debt	-	-	-	46,710	-	46,710
Capital	3,993,259	1,321,213	-	-	1,044,852	6,359,324
Capital, library	-	1,691,565	-	-	-	1,691,565
Insurance	40,000	-	-	-	-	40,000
Crime proceeds	42,694	-	-	-	-	42,694
DBL awareness	15,156	-	-	-	-	15,156
Employee benefits	382,047	-	-	-	63,839	445,886
EMS education	13,052	-	-	-	-	13,052
Grant programs	-	-	284,009	-	-	284,009
Repairs	309,873	-	-	-	-	309,873
Restricted gifts	460,154	-	-	-	172,324	632,478
Sewer Fund	-	-	-	-	831,293	831,293
Parks and recreation	414,678	-	-	-	-	414,678
Special event	12,934	-	-	-	-	12,934
Total restricted fund balances	5,683,847	3,012,778	284,009	46,710	2,112,308	11,139,652
<b>Committed</b>						
Capital projects	-	475,777	-	-	-	475,777
Capital project, library	-	488,566	-	-	-	488,566
Local grant program	-	-	69,686	-	-	69,686
Total committed fund balances	-	964,343	69,686	-	-	1,034,029
<b>Assigned</b>						
Appropriated assigned	130,000	-	-	-	54,135	184,135
Community landscaping program	-	-	-	-	32,861	32,861
Encumbrances	78,543	-	-	-	-	78,543
Greenway project	-	-	-	-	86,251	86,251
Unappropriated	-	-	-	-	911,101	911,101
Total assigned fund balances	208,543	-	-	-	1,084,348	1,292,891
<b>Unassigned</b>						
Capital projects	-	(374,175)	-	-	-	(374,175)
Unrestricted fund balance	7,798,358	-	-	-	-	7,798,358
Total unrestricted fund balances	7,798,358	(374,175)	-	-	-	7,424,183
Total fund balances	\$ 13,841,985	\$ 3,602,946	\$ 353,695	\$ 46,710	\$ 4,720,336	\$ 22,565,672

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### 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, 2018, except for the lease agreement for rental of real property for Oneonta Public Transit totaling \$38,170 for the year 2019 through the year 2020.

#### *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 three (3) miscellaneous matters in litigation 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.

There are no other pending claims which would have any significant financial impact on the City.

#### *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](mailto:vlee@oneonta.ny.us).

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

### Note 13 - Commitments and Contingencies - Continued

#### d. Tax Abatements - Continued

The information relevant to the City's agreements for 2018 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	\$ 151,539
420-b	Private Community Service & Social Organization	City of Oneonta	28,971
422	Not-for-Profit Housing Companies	City of Oneonta	<u>20,387</u>
	Total		<u>\$ 200,897</u>

### Note 14 - Subsequent Events

On December 4, 2018, the City approved an approximate 10% increase in the water and sewer rates to be effective January 1, 2019.

As indicated in Note 9, on August 26, 2019, the City's Common Council approved a bond resolution authorizing the issuance of \$725,000 serial bonds to fund the cost of the Lower Reservoir Dam Improvement project.

### 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 are effective for reporting periods beginning after June 15, 2018.

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 are effective for reporting periods beginning after December 15, 2018.

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 are effect for reporting periods beginning after December 15, 2019.

# City of Oneonta, New York

## Notes to Financial Statements December 31, 2018

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

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 are effective for reporting periods beginning after June 15, 2018.

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 are effective for reporting periods beginning after December 15, 2019.

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 are effective for reporting periods beginning after December 15, 2018.

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 are effective for reporting periods beginning after December 15, 2020.

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

	<u>2018</u>
Beginning of year	<u>\$ 47,135,961</u>
Changes for the year	
Service cost	1,539,506
Interest	1,585,653
Change of benefit terms	(116,313)
Changes of assumptions and other inputs	(4,434,159)
Benefit payment	<u>(1,541,098)</u>
Net changes	<u>(2,966,411)</u>
End of year	<u>\$ 44,169,550</u>
Covered payroll	\$ 7,516,923
OPEB liability as a percentage of covered payroll	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ERS (City and Huntington Memorial Library)</b>				
City's proportion of the net pension liability	0.0137921%	0.0135809%	0.0142715%	0.0142714%
City's proportionate share of the net pension liability	\$ 445,133	\$ 1,276,095	\$ 2,290,603	\$ 482,125
City's covered-employee payroll	\$ 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	11.66%	35.48%	64.22%	13.73%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PFRS</b>				
City's proportion of the net pension liability	0.1059871%	0.1100060%	0.1210347%	0.1223603%
City's proportionate share of the net pension liability	\$ 1,071,272	\$ 2,280,043	\$ 3,583,580	\$ 336,808
City's covered-employee payroll	\$ 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	31.14%	66.28%	105.10%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>ERS (City and Huntington Memorial Library)</b>										
Contractually required contribution	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660	\$ 237,786
Contributions in relation to the contractually required contribution	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660	\$ 237,786
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 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	3,223,227
Contributions as a percentage of covered-employee payroll	13.55%	14.17%	14.72%	16.98%	18.71%	19.58%	19.34%	14.55%	11.40%	7.38%
<b>PFRS</b>										
Contractually required contribution	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142	\$ 531,724
Contributions in relation to the contractually required contribution	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142	\$ 531,724
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 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	3,153,102
Contributions as a percentage of covered-employee payroll	22.63%	23.47%	23.14%	24.70%	26.08%	28.21%	25.40%	22.73%	17.26%	16.86%

# City of Oneonta, New York

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

	December 31, 2018					
	Water	Sewer	Miscellaneous Special Revenue	Permanent	Public Library	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 450,928	\$ -	\$ 90,607	\$ -	\$ 259,500	\$ 801,035
Cash and cash equivalents, restricted	356,369	1,313,700	132,133	20,000	24,625	1,846,827
Investments	-	-	16,270	1,478,742	-	1,495,012
Other receivables, less allowance for uncollectible	224,019	128,751	-	-	67,653	420,423
Due from other governments	-	288,917	70,238	-	-	359,155
Prepaid expenses	5,688	3,880	-	-	15,370	24,938
<b>Total assets</b>	<b><u>\$ 1,037,004</u></b>	<b><u>\$ 1,735,248</u></b>	<b><u>\$ 309,248</u></b>	<b><u>\$ 1,498,742</u></b>	<b><u>\$ 367,148</u></b>	<b><u>\$ 4,947,390</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 84,851	\$ 107,922	\$ 2,917	\$ -	\$ 5,228	200,918
Accrued liabilities	10,145	6,531	-	-	9,248	25,924
Other payables	212	-	-	-	-	212
Total liabilities	<u>95,208</u>	<u>114,453</u>	<u>2,917</u>	<u>-</u>	<u>14,476</u>	<u>227,054</u>
<b>FUND BALANCES</b>						
Nonspendable	5,688	3,880	-	1,498,742	15,370	1,523,680
Restricted for						
Capital reserves	291,730	753,122	-	-	-	1,044,852
Employee benefits	31,339	32,500	-	-	-	63,839
Restricted donations	-	-	147,699	-	24,625	172,324
Sewer operations	-	831,293	-	-	-	831,293
Assigned						
Appropriated	-	-	-	-	-	-
Unappropriated	613,039	-	158,632	-	312,677	1,084,348
Total fund balances	<u>941,796</u>	<u>1,620,795</u>	<u>306,331</u>	<u>1,498,742</u>	<u>352,672</u>	<u>4,720,336</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,037,004</u></b>	<b><u>\$ 1,735,248</u></b>	<b><u>\$ 309,248</u></b>	<b><u>\$ 1,498,742</u></b>	<b><u>\$ 367,148</u></b>	<b><u>\$ 4,947,390</u></b>

## 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, 2018					Total
	Water	Sewer	Miscellaneous Special Revenue	Permanent	Public Library	
<b>REVENUES</b>						
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ 458,046	\$ 458,046
Departmental income	2,339,916	1,750,023	-	-	13,822	4,103,761
Intergovernmental charges	-	288,917	-	-	47,000	335,917
Use of money and property	6,306	9,955	16,299	-	6,848	39,408
Sale of property and compensation for loss	3,425	108,657	-	-	2,220	114,302
Miscellaneous local sources	113	423	17,199	-	335,238	352,973
State aid	-	-	70,238	-	7,594	77,832
Total revenues	<u>2,349,760</u>	<u>2,157,975</u>	<u>103,736</u>	<u>-</u>	<u>870,768</u>	<u>5,482,239</u>
<b>EXPENDITURES</b>						
General government support	96,882	38,083	-	-	-	134,965
Culture and recreation	-	-	6,464	-	810,704	817,168
Home and community services	1,502,588	1,384,528	84,329	-	-	2,971,445
Benefits	94,931	89,196	-	-	-	184,127
Debt service, principal	377,421	254,862	-	-	-	632,283
Debt service, interest	179,079	97,099	-	-	-	276,178
Total expenditures	<u>2,250,901</u>	<u>1,863,768</u>	<u>90,793</u>	<u>-</u>	<u>810,704</u>	<u>5,016,166</u>
<b>Excess of revenues over expenditures</b>	<u><b>98,859</b></u>	<u><b>294,207</b></u>	<u><b>12,943</b></u>	<u><b>-</b></u>	<u><b>60,064</b></u>	<u><b>466,073</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	13,001	994	-	-	-	13,995
Operating transfers out	(25,955)	(150,000)	-	-	-	(175,955)
Total other financing sources (uses)	<u>(12,954)</u>	<u>(149,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,960)</u>
<b>Net change in fund balances</b>	<u><b>85,905</b></u>	<u><b>145,201</b></u>	<u><b>12,943</b></u>	<u><b>-</b></u>	<u><b>60,064</b></u>	<u><b>304,113</b></u>
<b>FUND BALANCES, <i>beginning of year</i></b>	<u>855,891</u>	<u>1,475,594</u>	<u>293,388</u>	<u>1,498,742</u>	<u>292,608</u>	<u>4,416,223</u>
<b>FUND BALANCES, <i>end of year</i></b>	<u><b>\$ 941,796</b></u>	<u><b>\$ 1,620,795</b></u>	<u><b>\$ 306,331</b></u>	<u><b>\$ 1,498,742</b></u>	<u><b>\$ 352,672</b></u>	<u><b>\$ 4,720,336</b></u>

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, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Real property taxes	\$ 458,046	\$ 458,046	\$ -	\$ 458,046	\$ -	\$ 467,394
Departmental income	3,994,545	3,994,545	-	4,103,761	109,216	4,244,000
Intergovernmental charges	447,000	447,000	-	335,917	(111,083)	347,000
Use of money and property	6,700	6,700	-	39,408	32,708	16,250
Sale of property and compensation for loss	113,500	113,500	-	114,302	802	113,500
Miscellaneous local sources	279,941	333,151	53,210	352,973	19,822	284,949
State aid	7,500	107,500	100,000	77,832	(29,668)	7,500
Total revenues	5,307,232	5,460,442	153,210	5,482,239	21,797	5,480,593
<b>EXPENDITURES</b>						
General government support	227,000	168,115	58,885	134,965	33,150	297,984
Culture and recreation	859,688	920,025	(60,337)	817,168	102,857	851,728
Home and community services	2,740,376	3,477,504	(737,128)	2,971,445	506,059	3,273,963
Benefits	193,500	201,622	(8,122)	184,127	17,495	212,000
Debt service, principal	632,400	632,400	-	632,283	117	680,600
Debt service, interest	278,850	278,850	-	276,178	2,672	224,300
Total expenditures	4,931,814	5,678,516	(746,702)	5,016,166	662,350	5,540,575
<b>Excess (deficiency) of revenues over expenditures</b>	<b>375,418</b>	<b>(218,074)</b>	<b>(593,492)</b>	<b>466,073</b>	<b>684,147</b>	<b>(59,982)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	13,995	13,995	40,847
Operating transfers out	479,419	358,381	(121,038)	175,955	(182,426)	385,000
Total other financing sources (uses)	(479,419)	(358,381)	121,038	(161,960)	196,421	(344,153)
<b>Net change in fund balance</b>	(104,001)	(576,455)	(472,454)	304,113	880,568	(404,135)
<b>FUND BALANCE, beginning of year</b>	2,917,481	2,917,481	-	2,917,481	-	3,221,594
<b>FUND BALANCE, end of year</b>	<b>\$ 2,813,480</b>	<b>\$ 2,341,026</b>	<b>\$ (472,454)</b>	<b>\$ 3,221,594</b>	<b>\$ 880,568</b>	<b>\$ 2,817,459</b>

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, 2018

	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Use of money and property	\$ 2,200	\$ 2,200	\$ -	\$ 16,299	\$ 14,099	\$ 11,750
Miscellaneous local sources	10,000	10,000	-	17,199	7,199	7,885
State aid	-	100,000	100,000	70,238	(29,762)	-
Total revenues	<u>12,200</u>	<u>112,200</u>	<u>100,000</u>	<u>103,736</u>	<u>(8,464)</u>	<u>19,635</u>
<b>EXPENDITURES</b>						
Culture and recreation	19,248	19,248	-	6,464	12,784	21,155
Home and community services	60,000	169,450	(109,450)	84,329	85,121	38,000
Total expenditures	<u>79,248</u>	<u>188,698</u>	<u>(109,450)</u>	<u>90,793</u>	<u>97,905</u>	<u>59,155</u>
<b>Net change in fund balance</b>	<b>(67,048)</b>	<b>(76,498)</b>	<b>(9,450)</b>	<b>12,943</b>	<b>89,441</b>	<b>(39,520)</b>
<b>FUND BALANCE, beginning of year</b>	<u>293,388</u>	<u>293,388</u>	<u>-</u>	<u>293,388</u>	<u>-</u>	<u>306,331</u>
<b>FUND BALANCE, end of year</b>	<u><b>\$ 226,340</b></u>	<u><b>\$ 216,890</b></u>	<u><b>\$ (9,450)</b></u>	<u><b>\$ 306,331</b></u>	<u><b>\$ 89,441</b></u>	<u><b>\$ 266,811</b></u>

# City of Oneonta, New York

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

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Departmental income	\$ 2,226,545	\$ 2,226,545	\$ -	\$ 2,339,916	\$ 113,371	\$ 2,460,000
Use of money and property	-	-	-	6,306	6,306	-
Sale of property and compensation for loss	-	-	-	3,425	3,425	-
Miscellaneous local sources	-	-	-	113	113	-
Total revenues	2,226,545	2,226,545	-	2,349,760	123,215	2,460,000
<b>EXPENDITURES</b>						
General government support	102,000	97,668	4,332	96,882	786	145,820
Water administration	248,890	279,242	(30,352)	267,512	11,730	209,120
Source of supply	18,550	73,900	(55,350)	49,461	24,439	35,200
Purification	737,180	729,332	7,848	663,767	65,565	671,323
Laboratory	66,360	54,861	11,499	43,705	11,156	48,000
Transmission and distribution	395,115	574,972	(179,857)	478,143	96,829	510,034
Benefits	101,000	101,000	-	94,931	6,069	103,000
Debt service, principal	377,500	377,500	-	377,421	79	414,450
Debt service, interest	179,950	179,950	-	179,079	871	138,900
Total expenditures	2,226,545	2,468,425	(241,880)	2,250,901	217,524	2,275,847
<b>Excess (deficiency) of revenues over expenditures</b>	-	(241,880)	(241,880)	98,859	340,739	184,153
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	13,001	13,001	40,847
Operating transfers out	-	(25,955)	(25,955)	(25,955)	-	(225,000)
Total other financing sources (uses)	-	(25,955)	(25,955)	(12,954)	13,001	(184,153)
<b>Net change in fund balance</b>	-	(267,835)	(267,835)	85,905	353,740	-
<b>FUND BALANCE, beginning of year</b>	855,891	855,891	-	855,891	-	941,796
<b>FUND BALANCE, end of year</b>	<b>\$ 855,891</b>	<b>\$ 588,056</b>	<b>\$ (267,835)</b>	<b>\$ 941,796</b>	<b>\$ 353,740</b>	<b>\$ 941,796</b>

See Independent Auditor's Report.



# 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, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Departmental income	\$ 1,755,000	\$ 1,755,000	\$ -	\$ 1,750,023	\$ (4,977)	\$ 1,775,000
Intergovernmental charges	400,000	400,000	-	288,917	(111,083)	300,000
Use of money and property	-	-	-	9,955	9,955	-
Sale of property and compensation for loss	110,000	110,000	-	108,657	(1,343)	110,000
Miscellaneous local sources	-	-	-	423	423	-
Total revenues	2,265,000	2,265,000	-	2,157,975	(107,025)	2,185,000
<b>EXPENDITURES</b>						
General government support	125,000	70,447	54,553	38,083	32,364	152,164
Sewer administration	251,149	259,931	(8,782)	253,834	6,097	226,295
Sanitary sewers	104,025	265,916	(161,891)	161,563	104,353	602,309
Wastewater treatment	859,107	1,069,900	(210,793)	969,131	100,769	933,682
Benefits	92,500	100,622	(8,122)	89,196	11,426	109,000
Debt service, principal	254,900	254,900	-	254,862	38	266,150
Debt service, interest	98,900	98,900	-	97,099	1,801	85,400
Total expenditures	1,785,581	2,120,616	(335,035)	1,863,768	256,848	2,375,000
<b>Excess (deficiency) of revenues over expenditures</b>	<b>479,419</b>	<b>144,384</b>	<b>(335,035)</b>	<b>294,207</b>	<b>149,823</b>	<b>(190,000)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	-	-	994	994	-
Operating transfers out	(479,419)	(332,426)	146,993	(150,000)	182,426	(160,000)
Total other financing sources (uses)	(479,419)	(332,426)	146,993	(149,006)	183,420	(160,000)
<b>Net change in fund balance</b>	<b>-</b>	<b>(188,042)</b>	<b>(188,042)</b>	<b>145,201</b>	<b>333,243</b>	<b>(350,000)</b>
<b>FUND BALANCE, beginning of year</b>	1,475,594	1,475,594	-	1,475,594	-	1,620,795
<b>FUND BALANCE, end of year</b>	<b>\$ 1,475,594</b>	<b>\$ 1,287,552</b>	<b>\$ (188,042)</b>	<b>\$ 1,620,795</b>	<b>\$ 333,243</b>	<b>\$ 1,270,795</b>

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, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
<b>REVENUES</b>						
Real property taxes	\$ 458,046	\$ 458,046	\$ -	\$ 458,046	\$ -	\$ 467,394
Departmental income	13,000	13,000	-	13,822	822	9,000
Intergovernmental charges	47,000	47,000	-	47,000	-	47,000
Use of money and property	4,500	4,500	-	6,848	2,348	4,500
Sale of property and compensation for loss	3,500	3,500	-	2,220	(1,280)	3,500
Miscellaneous local sources	269,941	323,151	53,210	335,238	12,087	277,064
State aid	7,500	7,500	-	7,594	94	7,500
Total revenues	803,487	856,697	53,210	870,768	14,071	815,958
<b>EXPENDITURES</b>						
Culture and recreation	840,440	900,777	(60,337)	810,704	90,073	830,573
<b>Net change in fund balance</b>	<b>(36,953)</b>	<b>(44,080)</b>	<b>(7,127)</b>	<b>60,064</b>	<b>104,144</b>	<b>(14,615)</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	292,608	292,608	-	292,608	-	352,672
<b>FUND BALANCE, <i>end of year</i></b>	<b>\$ 255,655</b>	<b>\$ 248,528</b>	<b>\$ (7,127)</b>	<b>\$ 352,672</b>	<b>\$ 104,144</b>	<b>\$ 338,057</b>