

CITY OF OGDENSBURG  
OGDENSBURG, NEW YORK

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013 AND 2012

CITY OF OGDENSBURG, NEW YORK  
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Pinto·Mucenski·Hooper  
Van House & Co.  
Certified Public Accountants, P.C.

301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
www.pmhvcpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and members of City Council  
City of Ogdensburg, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York as of and for the years ended December 31, 2013 and 2012, 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 Responsibilities

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

### Auditor's Responsibility

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

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

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of December 31, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–12 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

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

The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, on our consideration of the City of Ogdensburg, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ogdensburg, New York's internal control over financial reporting and compliance.

Very truly yours,

  
Paul Mucenski Hooper Van House & Co.  
Certified Public Accountants, P.C.

Ogdensburg, New York  
September 26, 2014

The City of Ogdensburg offers this discussion and analysis for the fiscal year ending December 31, 2013. Please read along with the City's financial statements including the notes beginning on page.

## 1. FINANCIAL HIGHLIGHTS

Total assets of the City exceeded total liabilities by \$31,778,584.

For the year, total revenues for the City were \$16,548,355, while total expenses were \$20,425,070. The net of the revenues and expenses leaves the City with a net decrease of \$3,876,715.

At the end of the year, total undesignated fund balance for the General Fund was \$1,639,472 down from \$2,166,650 in the prior year. The undesignated fund balance at the end of 2013 represents 15% of total general fund expenditures (including transfers out) for the year.

Total outstanding long term indebtedness for the City at the end of the year was \$4,205,000 down from \$4,500,000 at the end of 2012.

## 2. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as a commentary to the financial statements for the City of Ogdensburg. The financial statements are comprised of the following two sections: 1) government-wide financial statements and 2) notes to the financial statements. This report also contains other information in addition to the financial statements, such as budgetary comparisons.

**Government-wide financial statements** – The government wide financial statements are intended to provide the reader with a broad overview of the financial condition of the City that closely matches the reporting format of most private-sector companies. In future years, the Statement of Net Assets will provide comparisons that will most closely answer the question of whether the City's financial condition has improved or deteriorated during the year. For the first year of reporting, however, this comparison is not required.

The statement of net assets provides the reader with a snapshot in time of the assets, liabilities and resulting net assets (or equity as stated with private sector reporting) of the City. Over time, increases or decreases in the net assets of the City may provide an indicator of the trend in the City's financial condition. Other forward-looking indicators will also assist the reader to assess the overall financial health of the City. Some of these indicators include, but are not limited to: changes in the total property tax base, employment trends in the City and outlying areas, and condition of the City's capital assets (streets, buildings, water, and sewer infrastructure).

The statement of activities provides the reader of the sources of revenue for the City, the sources of expenses and the net balance between the two, which directly impacts the resulting net assets at year-end. Reporting of revenues and expenses is done using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This means that transactions are recorded when they are realizable and measurable and not when cash flows into or out of the City.

The governmental-wide financial statements for the City are limited to governmental activities of the City primarily supported by taxes and intergovernmental revenues. The governmental activities include: general government, public safety (mostly police & fire protection), street construction & maintenance, economic development, water & sewer utility, and culture and recreation.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the Basic Financial Statements.

**Fund financial statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ogdensburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ogdensburg can be divided into two categories: governmental funds and fiduciary funds.

- a. Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on near term inflows and outflows of spendable resources as well as on the balance of spendable resources *available* at the end of the year. Spendable resources are measured using the modified accrual method of accounting. Under this method, resources are considered available if they can be readily converted to cash, generally in 60 days or less. Reviewing governmental funds may be useful in assessing the City's near term financing requirements.

The main difference between governmental funds and the government-wide financial statements is, respectively, short-term view versus long-term view; it is useful to compare the information presented in both. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions.

The City of Ogdensburg maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and the special revenue fund, all of which are considered to be major funds. The special revenue fund aggregates data from the other seven subsidiary funds into a single major fund. Individual fund data for

each of these subsidiary governmental funds is provided in the form of combining statements elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is the following section.

- b. **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use any assets in these funds to finance the City's operations. It is the City's responsibility to ensure the assets in these funds are used for their intended purposes.

**Notes to financial statements** – The notes to the financial statements provide additional information that the reader of this report may require to fully understand all aspects of this report. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

### 3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Assets** – Net assets may serve as useful indicator of a government's financial position over time. For the year ending December 31, 2013, the City of Ogdensburg's assets exceeded liabilities by \$31,778,584.

The majority of the City's net assets are capital assets (e.g. land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens (e.g. public water, sewer, recreational facilities, roads, etc.). Since these assets are not liquid and are not intended to be sold, they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Ogdensburg's Net Assets

	Governmental Activities 2013
Current Assets	\$ 19,605,692
Noncurrent Assets	<u>35,331,444</u>
<b>Total Assets</b>	<b><u>\$ 54,937,136</u></b>
Current Liabilities	\$ 14,098,916
Noncurrent Liabilities	<u>9,059,636</u>
<b>Total Liabilities</b>	<b><u>\$ 23,158,552</u></b>

Net Assets:

Invested in capital assets, Net of related debt	\$ 31,126,444
Restricted	2,190,482
Unrestricted	<u>(1,538,288)</u>
<b>Total Net Assets</b>	<b><u>\$ 31,778,584</u></b>

<b>Total Liabilities and Net Assets</b>	<b><u>\$ 54,937,136</u></b>
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The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future.

- Governmental activities

Total net assets of the City's governmental activities for the year ending December 31, 2013 were \$31,778,584. The majority of the net assets, \$31,126,444 or 98%, are tied up in capital assets (net of related debt).

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 14. Key elements of this change are illustrated in the following table

City of Ogdensburg  
Change in Net Assets

	Governmental Activities 2013
<b><u>Revenues</u></b>	
Program Revenues:	
Charges for Services	\$ 4,868,697
Operating Grants and contributions	2,584,240
Capital Grants and contributions	731,964
General revenues:	
Property Taxes	4,597,514
Sales and Other Taxes	3,308,172
Government Aid	76,533
Other	<u>381,235</u>
<b>Total Revenues</b>	<b><u>\$ 16,548,355</u></b>
<b><u>Expenses</u></b>	
General Government	\$ 1,700,177
Public Safety	6,341,279
Transportation	2,504,805
Economic assistance & opportunity	25,854
Culture and recreation	1,974,861
Home and community	5,454,856
Employee Benefits	791,399

Debt Service	181,943
Compensated Absences	178,755
Loss on disposal of fixed assets	1,271,141
Total Expense	<u>\$ 20,425,070</u>
Excess of revenues over expense	(3,876,715)
Prior Period Adjustment	<u>39,512</u>
Increase (Decrease) in Net Assets	(3,916,227)
Net Assets-beginning	35,694,811
Contributions to municipality	<u>0</u>
Net Assets-ending	<u>\$ 31,778,584</u>

The City's total revenues for the year were \$16,548,355 versus total expenses of \$20,425,070. For the year, the City's net assets decreased by \$3,916,227, to bring total net assets of the primary government of the City to \$31,778,584. The following analysis separately considers the operations of governmental and business-type activities.

### **Governmental Activities**

The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 28% of the total revenues while sales taxes were 20% of revenues.

On the expense side, public safety, home and community, and employee benefits made up the majority of the cost of the governmental activities.

In public safety, the police department and fire department expenses for the year totaled \$3,513,674 (57%) and \$2,911,638 (43%), of the total for public safety, respectively.

Home and community total expenses for the year were \$5,454,856. Costs associated with operating the water fund were \$1,578,797 or 29% of the total while the sewer fund costs were \$2,016,546 or 38% of the total.

In 2013 our overall retirement bill was \$1,202,065 this is compared to \$1,120,465 in 2012. In 2014 we are scheduled to pay \$1,358,143. The cost of the retirement bill is apportioned to each department and therefore is not shown as Employee Benefits separately.

Depreciation expense now required to be included is \$1,601,829 for 2013.

### **THE CITY'S FUNDS:**

#### **Governmental Funds**

- 1) General fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance was \$1,639,472 and

the total fund equity was \$2,836,511. As a measure of the General Fund' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund expenditures. For the current year ending December 31, 2013, unreserved fund balances represent 16% of total fund expenditures (including transfers out), while total fund balance was 28% of the same amount. The total fund balance of the City's General Fund decrease by \$833,807 or 23% during the current fiscal year.

- 2) Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases. At the end of the current fiscal year, the fund balance showed a negative balance of \$62,818.
- 3) Special Revenue Fund – The special revenue fund for the City is made up of the following individual funds: community development fund, water fund, sewer fund, library/museum fund and self-insurance fund. The community development 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 as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$3,038,083. Components of December 31, 2013 fund balance are as follows:

Reserved	
Insurance	\$ 33,707
Community Development Reserve	959,682
Sewer reserve	<u>0</u>
Total reserve special revenue fund balance	<u>\$ 993,389</u>
Unreserved	
Appropriated, Community development	\$ (376,344)
Appropriated, all other special revenue funds	0
Unappropriated, all special revenue funds (excluding Community development)	<u>2,421,038</u>
Total unreserved special revenue fund balance	<u>2,044,694</u>
Total Special revenue fund balance	<u>\$ 3,038,083</u>

The appropriated unreserved community development amount represents funds that can be loaned under the City of Ogdensburg's loan programs.

#### 4. BUDGETARY HIGHLIGHTS

The City Charter requires the City Manager to submit a budget with an accompanying written budget report to the City Council on or before November 1<sup>st</sup> for the next fiscal year. The budget shall provide a complete financial plan of all City fund and activities for the ensuing fiscal year.

A summary of the proposed budget, a notice of when and where the budget and budget report are available for public inspection, and the time and place of a public hearing on the proposed budget shall be published in the local newspaper. A public hearing shall be held on the proposed budget no later than December 15th.

Between November 1 and December 15<sup>th</sup> the Council will review the budget and make amendments as they see fit, but must adopt a final budget along with necessary implementing ordinances no later than December 20<sup>th</sup>.

If the City Council fails to adopt a budget by December 20<sup>th</sup>, the budget submitted to the Council by the City Manager and all necessary implementing ordinances shall take effect.

The City's annual budget includes estimated revenues and appropriations for all funds. Self-insurance and the community development fund do not have an annual budget even though they are special revenue funds. A five-year capital expenditure budget is also included in the annual budget.

## 5. CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental activities as of December 31, 2013, amounted to \$35,331,444 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the fiscal year 2013 included:

- Multiple General Improvements \$285,632
- Shade Roller Demolition \$203,446
- Paterson Street Reconstruction \$210,322
- Depreciation expense for the year was \$1,601,829

	City of Ogdensburg	Governmental Activities 2013
Land	\$	6,776,899
Building & Improvements		56,207,328
Machinery & Equipment		<u>23,260,035</u>
Total	\$	<u>86,244,262</u>
Less: Acc Depreciation		<u>50,912,818</u>
Net Capital Assets	\$	<u><u>35,331,444</u></u>

## Long-term Debt

For the year, total debt decreased by \$295,000.

	City of Ogdensburg Outstanding Debt	
		Governmental Activities
	2013	2012
General Obligation Bonds	\$ 4,205,000	4,500,000
Tax Anticipation Notes	1,800,000	1,800,000
Total	<u>\$ 6,005,000</u>	<u>6,300,000</u>

The New York State Constitution establishes a debt limit of 7 percent of the most recent five-year average valuation of taxable real estate in the City. Certain properties in the City are exempt from taxable status, which comprised approximately 66% of the total property value in the City. At December 31, 2013 the total indebtedness subject to its Constitutional Debt limit was \$3,863,432 or 20.36% of its limit.

The City has a rating of Baa 1 from Moody's Investors Service.

More detailed information on the City's capital assets and long-term debt activity is provided in the Notes to the Financial Statements.

In 2013 the City issued a Tax Anticipation Note (TAN) for \$1,800,000. This will be paid off in 2014.

## 6. ECONOMIC FACTORS

The Ogdensburg Growth Fund Development Corporation is administering \$400,000 in New York Main Street grants promoting the revitalization in the Marina District and the core downtown, and construction of several projects is underway. The City recently awarded a construction contract for replacement of the Lake Street Bridge, which will also increase the capacity of the City's water and sewer infrastructure, enabling future development on the City's west side and waterfront.

The City's joint marketing efforts with the Joint Economic Development Committee, which includes the Town of Oswegatchie, is comprised of print and online advertising in national publications as well as in Ontario and Quebec, CA. These campaigns highlight the opportunities for US and Canadian based businesses to expand into Canada and the US. This opportunity allows defense based contractors to meet US procurement requirements of a minimum of 51% of military product manufacturing in the

US, as well as allows other industries more immediate access to the US Market, reducing transportation costs and export/import fees and red tape. This creates both employment and investment opportunity in Ogdensburg. The program is far reaching and continues to be very successful.

The City has available space in the light and heavy industrial parks, which are fully serviced with water, sewer, roads, electric, natural gas and telecommunications. Over 100 acres remain in the industrial parks. Additionally, the OBPA has built a spec building of 24,000 sf a portion of which has recently been leased to a Canadian expansion of the Tulmar Corporation, a defense/military sub-contracting manufacturer, supplying the recently acquired DEW Industries which is now US owned and operated by CoorsTek, Inc. and complimenting another defense/military manufacturer, formerly known as Med-Eng, Inc. which was acquired recently by Allen-Vanguard also of Canada.

The Ogdensburg Greenmarket, a local farmers'/artisans' market was opened in the Greenbelt in May of 2007 with just three vendors, by the beginning of the 2009 season, the market has grown to support a total of 36 vendors, this year the market was opened two weeks earlier and is expected to remain open an additional two weeks as well. It now includes several artisans and crafters, organic producers, meats and many more vendors with a multitude of locally grown/produced goods. The success of the market is attributable to the availability of fresh, nutritious locally grown foods at affordable prices and the return support of local agriculture and arts; it continues to provide a community destination.

## **7. REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Ogdensburg's finances to our citizens, taxpayers, customers, investors and creditors. If you need any additional copies of this report or have any additional questions, please contact our offices at the following address:

City of Ogdensburg, City Comptroller's Office, and 330 Ford Street, Ogdensburg, New York 13669

**City of Ogdensburg, New York**  
**Statements of Net Position**  
**As of December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash - unrestricted	\$ 6,085,555	\$ 5,283,207
Cash - restricted	2,190,428	2,288,071
Taxes receivable (net)	2,534,765	2,199,213
Other receivables (net)	7,548,119	6,561,373
State and federal receivables	927,957	2,374,103
Investments	44,086	124,978
Due from other funds	821	1,238
Due from other governments	273,961	344,844
	<u>19,605,692</u>	<u>19,177,027</u>
<b>Noncurrent assets</b>		
Capital assets (net)	<u>35,331,444</u>	<u>37,101,985</u>
	<u>35,331,444</u>	<u>37,101,985</u>
	<u>54,937,136</u>	<u>56,279,012</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Cash overdraft	916,000	599,708
Accounts payable	1,247,105	470,613
Accrued interest payable	34,908	36,733
Due to other governments	2,355,052	1,482,266
Bond anticipation note payable	684,000	174,000
Tax anticipation note payable	1,800,000	1,800,000
Current portion of long term debt	305,000	295,000
	<u>7,342,065</u>	<u>4,858,320</u>
<b>Deferred inflows of resources</b>		
Deferred Revenue	<u>6,756,851</u>	<u>7,318,399</u>
	<u>6,756,851</u>	<u>7,318,399</u>
<b>Noncurrent liabilities</b>		
Serial bonds payable	3,900,000	4,205,000
Compensated absences	848,916	670,161
Post employment benefits other than pensions	4,310,720	3,532,321
	<u>9,059,636</u>	<u>8,407,482</u>
	<u>23,158,552</u>	<u>20,584,201</u>
<b>Net position</b>		
Invested in capital assets, net of related debt	31,126,444	32,601,985
Restricted	2,190,428	2,288,071
Unrestricted	(1,538,288)	804,755
	<u>31,778,584</u>	<u>35,694,811</u>
	<u>\$ 54,937,136</u>	<u>\$ 56,279,012</u>

City of Ogdensburg, New York  
Statements of Activities  
For the Years Ended December 31, 2013 and 2012

Functions/Programs	2013				2012			
	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities
<b>Governmental activities</b>								
General government support	\$ 1,700,177	\$ 578,195	\$ 1,737,126	\$ 509,374	\$ 1,883,561	\$ 512,543	\$ 1,735,974	\$ 2,032,607
Public safety and health	6,341,279	140,516	-	222,590	6,029,960	133,387	-	195,079
Transportation	2,504,805	40,543	319,696	-	2,457,964	47,822	265,754	-
Economic assistance and opportunity	25,854	210	-	(25,644)	32,491	-	-	-
Culture and recreation	1,974,861	70,000	324,417	-	1,980,768	70,000	330,382	-
Home and community services	5,454,856	4,039,233	203,001	-	4,942,356	3,836,785	951,446	-
Employee Benefits	791,399	-	-	-	672,938	-	-	-
Interest on debt	181,943	-	-	-	176,577	-	-	-
Loss (Gain) on disposal of fixed asset	1,271,141	-	-	-	-	-	-	-
Compensated Absences - Current Year	178,755	-	-	-	(45,552)	-	-	45,552
<b>Total Governmental Activities</b>	<b>\$ 20,425,070</b>	<b>\$ 4,868,697</b>	<b>\$ 2,584,240</b>	<b>\$ 731,964</b>	<b>\$ 18,131,063</b>	<b>\$ 4,600,537</b>	<b>\$ 3,283,556</b>	<b>\$ 2,227,686</b>

Functions/Programs	2013		2012	
	Net (Expense) Revenue and Changes in Net Assets		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Charges for Services	Operating Grants and Contributions
<b>General revenues</b>				
Real property taxes	\$ 4,597,514	\$ 4,439,485	\$ 4,597,514	\$ 4,439,485
Real property tax items	199,638	250,567	199,638	250,567
Non property tax items	3,108,534	3,015,738	3,108,534	3,015,738
Departmental income	209,242	187,833	209,242	187,833
Intergovernmental charges	3,164	15,899	3,164	15,899
Use of money and property	4,049	4,002	4,049	4,002
Licenses and permits	53,695	52,238	53,695	52,238
Fines and forfeitures	61,792	79,346	61,792	79,346
Sale of property and compensation for losses	29,032	66,321	29,032	66,321
Miscellaneous local sources	20,261	17,422	20,261	17,422
State aid not restricted to specific programs	76,533	88,043	76,533	88,043
<b>Total General Revenues</b>	<b>8,363,454</b>	<b>8,216,894</b>	<b>8,363,454</b>	<b>8,216,894</b>
<b>Change in net assets</b>	<b>(3,876,715)</b>	<b>197,610</b>	<b>(3,876,715)</b>	<b>197,610</b>
Prior period adjustment - Note 6	(39,512)		(39,512)	
<b>Net Assets - January 1,</b>	<b>35,694,811</b>	<b>35,497,201</b>	<b>35,694,811</b>	<b>35,497,201</b>
<b>Net Assets - December 31,</b>	<b>\$ 31,778,584</b>	<b>\$ 35,694,811</b>	<b>\$ 31,778,584</b>	<b>\$ 35,694,811</b>

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**City of Ogdensburg, New York**  
**Balance Sheets - Governmental Funds**  
**December 31, 2013 and 2012**

	2013			2012			Totals (Memorandum Only)
	General	Special Aid	Capital	General	Special Aid	Capital	
<b>Assets</b>							
Cash - unrestricted	\$2,811,806	\$ 1,833,360	\$1,440,389	\$2,075,228	\$ 1,549,906	\$1,658,073	\$ 5,283,207
Cash - restricted	1,197,039	993,389	-	1,503,668	784,403	-	2,288,071
Taxes receivable (net)	2,534,765	-	-	2,199,213	-	-	2,199,213
Other receivables (net)	114,819	5,848,429	1,584,871	67,941	6,482,932	10,500	6,561,373
State and federal receivables	-	927,957	-	-	364,998	2,009,105	2,374,103
Investments	42,263	1,823	-	123,155	1,823	-	124,978
Due from other funds	1,947,506	1,259,383	472,422	1,766,703	1,232,599	100,998	3,100,300
Due from other governments	273,961	-	-	344,844	-	-	344,844
<b>Total assets</b>	<b>8,922,159</b>	<b>10,864,341</b>	<b>3,497,682</b>	<b>8,080,752</b>	<b>10,416,661</b>	<b>3,778,676</b>	<b>22,276,089</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Cash overdraft	916,000	-	-	599,708	-	-	599,708
Accounts payable	248,090	977,960	21,055	262,202	191,675	16,736	470,613
Accrued interest payable	34,908	-	-	36,733	-	-	36,733
Tax Anticipation note payable	1,800,000	-	-	1,800,000	-	-	1,800,000
Bond Anticipation note payable	-	-	684,000	-	-	174,000	174,000
Due to other funds	731,598	1,487,180	1,459,712	229,525	1,404,391	1,465,146	3,099,062
Due to other governments	2,355,052	-	-	1,482,266	-	-	1,482,266
Deferred revenue	-	5,361,118	1,395,733	-	5,402,843	1,915,556	7,318,399
<b>Total liabilities</b>	<b>6,085,648</b>	<b>7,826,258</b>	<b>3,560,500</b>	<b>4,410,434</b>	<b>6,998,909</b>	<b>3,571,438</b>	<b>14,980,781</b>
<b>Fund Balances</b>							
Assigned	1,197,039	993,389	-	1,503,668	784,403	-	2,288,071
Unassigned	1,639,472	2,044,694	(62,818)	2,166,650	2,633,349	207,238	5,007,237
<b>Total fund balances</b>	<b>2,836,511</b>	<b>3,038,083</b>	<b>(62,818)</b>	<b>3,670,318</b>	<b>3,417,752</b>	<b>207,238</b>	<b>7,295,308</b>
<b>Total liabilities and fund balances</b>	<b>\$8,922,159</b>	<b>\$10,864,341</b>	<b>\$3,497,682</b>	<b>\$8,080,752</b>	<b>\$10,416,661</b>	<b>\$3,778,676</b>	<b>\$ 22,276,089</b>

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**City of Ogdensburg, New York**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**

For The Years Ended December 31, 2013 and 2012

	2013			2012			Total Governmental Only
	General	Special Aid	Capital	General	Special Aid	Capital	
<b>REVENUES</b>							
Real property taxes	\$ 4,597,514	\$ -	\$ -	\$ 4,439,485	\$ -	\$ -	\$ 4,439,485
Real property tax items	228,105	-	-	277,882	-	-	277,882
Non-property tax items	3,108,534	-	-	3,015,738	-	-	3,015,738
Departmental income	813,444	4,046,598	-	732,540	3,843,226	-	4,575,766
Intergovernmental charges	125,743	3,164	-	128,907	15,899	-	137,083
Use of money and property	80,448	1,837	-	78,188	2,086	-	80,274
Licenses and permits	53,695	-	-	52,238	-	-	52,238
Fines and forfeitures	61,792	-	-	79,346	-	-	79,346
Sale of property and compensation for losses	17,692	22,873	-	63,836	2,485	-	66,321
Miscellaneous local sources	20,261	323,064	16,626	79,770	330,382	103,750	513,902
State aid	2,120,159	80,526	429,592	2,077,604	329,909	1,858,435	4,265,948
Federal Program Income	-	459,406	-	-	616,412	-	616,412
Federal aid	222,590	64,069	63,156	132,731	5,125	70,422	208,278
<b>Total Revenues</b>	<b>11,449,977</b>	<b>5,001,537</b>	<b>509,374</b>	<b>11,150,542</b>	<b>5,145,524</b>	<b>2,032,607</b>	<b>18,328,673</b>
<b>EXPENDITURES</b>							
General government support	1,434,571	197,470	-	1,459,095	276,907	-	1,736,002
Public safety and health	6,425,812	-	655,474	5,999,235	-	609,183	6,608,418
Transportation	1,979,871	-	244,201	1,895,477	-	1,641,690	3,537,167
Economic assistance and opportunity	25,854	-	-	32,491	-	-	32,491
Culture and recreation	630,040	1,013,833	177,297	606,185	1,054,956	4,391	1,665,532
Home and community services	525,186	4,602,034	3,322	554,708	3,912,096	67,078	4,533,882
Employee benefits	13,000	-	-	15,000	-	-	15,000
Debt service: principal	116,409	178,591	-	112,864	194,573	-	307,437
Debt service: interest	123,979	57,964	-	133,004	43,573	-	176,577
<b>Total Expenditures</b>	<b>11,274,722</b>	<b>6,049,892</b>	<b>1,080,294</b>	<b>10,808,059</b>	<b>5,482,105</b>	<b>2,322,342</b>	<b>18,612,506</b>
Excess (Deficiency) of Revenues Over Expenditures	175,255	(1,048,355)	(570,920)	342,483	(336,581)	(289,735)	(283,833)
<b>OTHER FINANCING SOURCES AND USES</b>							
Operating transfers in	110,244	936,313	315,709	120,318	962,313	1,085,053	2,167,684
Operating transfers (out)	(1,052,022)	(295,399)	(14,845)	(802,313)	(1,352,285)	(13,086)	(2,167,684)
<b>Total Other Sources (Uses)</b>	<b>(941,778)</b>	<b>640,914</b>	<b>300,864</b>	<b>(681,995)</b>	<b>(389,972)</b>	<b>1,071,967</b>	<b>-</b>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	(766,523)	(407,441)	(270,056)	(339,512)	(726,553)	782,232	(283,833)
Prior Period Adjustment (Note 6)	(67,284)	27,772	-	(29,716)	-	(42,450)	(72,166)
Fund Balance - Beginning of Year	3,670,318	3,417,752	207,238	4,039,546	4,144,305	(532,544)	7,651,307
Fund Balance - End of Year	\$ 2,836,511	\$ 3,038,083	\$ (62,818)	\$ 3,670,318	\$ 3,417,752	\$ 207,238	\$ 7,295,308

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**City of Ogdensburg, New York**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2013**

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 6,085,555	\$ -	\$ -	\$ 6,085,555
Restricted	2,190,428	-	-	2,190,428
Receivables				
Due from other funds	3,679,311	-	(3,678,490)	821
Accounts receivable	7,548,119	-	-	7,548,119
State and federal receivables	927,957	-	-	927,957
Due from other governments	273,961	-	-	273,961
Taxes receivable	2,534,765	-	-	2,534,765
Investments	44,086	-	-	44,086
Land, buildings and equipment (net)	-	35,331,444	-	35,331,444
	<u>23,284,182</u>	<u>35,331,444</u>	<u>(3,678,490)</u>	<u>54,937,136</u>
<b>LIABILITIES</b>				
Payables				
Cash Overdraft	916,000	-	-	916,000
Accounts payable	1,247,105	-	-	1,247,105
Accrued interest payable	34,908	-	-	34,908
Due to other funds	3,678,490	-	(3,678,490)	-
Deferred revenue	6,756,851	-	-	6,756,851
Serial bonds payable	-	4,205,000	-	4,205,000
Tax anticipation note payable	1,800,000	-	-	1,800,000
Bond anticipation note payable	684,000	-	-	684,000
Due to other governments	2,355,052	-	-	2,355,052
Post employment benefits other than pensions	-	4,310,720	-	4,310,720
Compensated absences	-	848,916	-	848,916
	<u>17,472,406</u>	<u>9,364,636</u>	<u>(3,678,490)</u>	<u>23,158,552</u>
<b>FUND BALANCE/NET ASSETS</b>				
Total Fund Balance/Net Assets	<u>5,811,776</u>	<u>25,966,808</u>	<u>-</u>	<u>31,778,584</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 23,284,182</u>	<u>\$ 35,331,444</u>	<u>\$ (3,678,490)</u>	<u>\$ 54,937,136</u>

Total Governmental Fund Balance	\$ 5,811,776
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	35,331,444
<b>GASB 45</b> valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.	(4,310,720)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,053,916)</u>
Net Position of Governmental Activities	<u>\$ 31,778,584</u>

City of Ogdensburg, New York  
 Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in  
 Fund Balance to the Statement of Activities  
 For the Year Ended December 31, 2013

	Total Governmental Funds	Long-term Revenues, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>Revenues</b>					
Real property taxes	\$ 4,597,514	\$ -	\$ -	\$ -	\$ 4,597,514
Real property tax items	228,105	-	-	-	228,105
Non-property tax items	3,108,534	-	-	-	3,108,534
Departmental income	4,860,042	-	(401,000)	-	4,459,042
Intergovernmental charges	128,907	-	-	-	128,907
Use of money and property	82,285	-	-	-	82,285
Licenses and permits	53,695	-	-	-	53,695
Fines and forfeitures	61,792	-	-	-	61,792
Sale of property and compensation for losses	40,565	-	(11,533)	-	29,032
Miscellaneous local sources	359,951	-	-	-	359,951
State aid	2,630,277	-	-	-	2,630,277
Federal Program Income	459,406	-	-	-	459,406
Federal aid	349,815	-	-	-	349,815
<b>Total Revenues</b>	<b>16,960,888</b>	<b>-</b>	<b>(412,533)</b>	<b>-</b>	<b>16,548,355</b>
<b>Expenditures/Expenses</b>					
General government support	1,832,041	68,136	-	-	1,700,177
Public safety and health	7,081,286	105,767	(845,774)	-	6,341,279
Transportation	2,224,072	553,426	(272,693)	-	2,504,805
Economic assistance and opportunity	25,854	-	-	-	25,854
Culture and recreation	1,821,170	379,037	(225,346)	-	1,974,861
Home and community service	5,130,542	495,463	(171,149)	-	5,454,856
Employee benefits	13,000	-	-	778,399	791,399
Debt service					
Principal	295,000	-	-	(295,000)	-
Interest	181,943	-	-	-	181,943
Compensated absences	-	-	-	178,755	178,755
Loss(Gain) on Disposal/Sale of Fixed Assets	-	-	1,271,141	-	1,271,141
<b>Total Expenditures</b>	<b>18,404,908</b>	<b>1,601,829</b>	<b>(243,821)</b>	<b>662,154</b>	<b>20,425,070</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(1,444,020)</b>	<b>(1,601,829)</b>	<b>(168,712)</b>	<b>(662,154)</b>	<b>(3,876,715)</b>
<b>Other Sources and Uses</b>					
Operating transfers in	1,362,266	-	-	-	1,362,266
Operating transfers (out)	(1,362,266)	-	-	-	(1,362,266)
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change For The Year</b>	<b>\$ (1,444,020)</b>	<b>\$ (1,601,829)</b>	<b>\$ (168,712)</b>	<b>\$ (662,154)</b>	<b>\$ (3,876,715)</b>
<b>Net Change in Fund Balances</b>					<b>\$ (1,444,020)</b>
Depreciation expense recorded in the Statement of Activities, but not in the Governmental Funds					(1,601,829)
Expenditures for acquisition (disposition) of capital assets recorded in the Governmental funds, but not in the Statement of Activities					(168,712)
Repayment of bond principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					295,000
Expenditure for <i>GASB 45</i> valuation of postemployment benefits other than pensions recorded in the Statement of Activities, but not in the Governmental Funds					(778,399)
Compensated absences measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					(178,755)
Change in Nets Position of Governmental Activities					<u>\$ (3,876,715)</u>

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**City of Ogdensburg, New York  
 Statements of Fiduciary Net Assets  
 Agency Fund  
 December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash - unrestricted	\$ 27,637	\$ 12,240
Due from other funds	-	-
Investments	<u>3,377,734</u>	<u>2,817,423</u>
<b>Total Assets</b>	<u><u>3,405,371</u></u>	<u><u>2,829,663</u></u>
<b>Liabilities</b>		
Agency liabilities	26,600	12,044
Due to other funds	821	-
Deferred compensation	<u>3,377,950</u>	<u>2,817,619</u>
<b>Total Liabilities</b>	<u><u>\$3,405,371</u></u>	<u><u>\$ 2,829,663</u></u>

City of Ogdensburg, New York  
 Statements of Changes in Fiduciary Assets and Liabilities  
 Agency Fund  
 December 31, 2013 and 2012

	2013			2012			
	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Increases	Decreases	Balance December 31, 2012
<b>Assets</b>							
Cash - unrestricted	\$ 12,240	\$ 3,132,274	\$ 3,116,877	\$ 27,637	\$ 3,423,872	\$ 3,433,726	\$ 12,240
Due from other funds	-	-	-	-	-	104	-
Investments	2,817,423	560,311	-	3,377,734	310,329	5,346	2,817,423
<b>Total Assets</b>	<u>2,829,663</u>	<u>3,692,585</u>	<u>3,116,877</u>	<u>3,405,371</u>	<u>3,734,201</u>	<u>3,439,176</u>	<u>2,829,663</u>
<b>Liabilities</b>							
Agency liabilities	10,806	1,237,277	1,221,483	26,600	1,104,103	1,115,024	10,806
Due to other funds	1,238	821	1,238	821	2,475	1,237	1,238
Deferred compensation	2,817,619	784,126	223,795	3,377,950	507,674	202,966	2,817,619
<b>Total Liabilities</b>	<u>\$ 2,829,663</u>	<u>\$ 2,022,224</u>	<u>\$ 1,446,516</u>	<u>\$ 3,405,371</u>	<u>\$ 1,614,252</u>	<u>\$ 1,319,227</u>	<u>\$ 2,829,663</u>

See Independent Auditor's Report. The accompanying notes are an integral part of these financial statements.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

**Note 1 - Summary of significant accounting policies**

The financial statements of the City of Ogdensburg, New York have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain significant accounting principles utilized by the City are described below:

A. Financial reporting entity

The City of Ogdensburg (City) is governed by the Charter of the City of Ogdensburg, the general City law and other general laws of the State of New York and various local laws and ordinances. The Council, which is the legislative body responsible for the overall operation of the City, consists of the Mayor and six councilors. The City Manager serves as chief executive officer and the Comptroller serves as chief fiscal officer of the City.

The following basic services are provided: general government, police and fire protection, public works, recreation and infrastructure maintenance and development.

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.

The financial reporting entity consists of: a) the primary government which is the City, 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 in GASB Statement 14.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City's reporting entity.

The Ogdensburg Public Library was established by the City and chartered by the Board of Regents under the New York State Education Law. Although the Mayor of the City appoints library trustees and the City contributes to the support of the Library, City officials do not have the power or duty to designate library management and the City has limited accountability for library fiscal matters.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

The Frederic Remington Art Museum was established by the City and granted a charter by the Board of Regents as provided in Article 5 of the Education Law. Members of the Museum's board of trustees are appointed by the Mayor, and the City contributes to the support of the museum. However, the City does not exercise significant oversight responsibility with respect to the museum and has limited accountability for its fiscal matters.

The City School District was created by state legislation which designates the school board as the governing authority. School board members are elected by the qualified voters of the district. The Board designates management and exercises complete responsibility for all fiscal matters. The City Council exercises no oversight over school operations.

The Public Housing Authority was created in 1957 by the New York State Legislature. The governing board of the Authority is appointed by the City. The local government provides no subsidy to the Authority nor is it responsible for debt or operating deficits of the Authority. The Authority's debt is essentially supported by operating revenues of the Authority and is not guaranteed by the City. The local government does not appoint management of the Authority nor does it approve the Authority's budget, contracts or hiring of staff. The local government has no oversight responsibility for funds of the Authority.

**B. Basis of presentation**

**1. Government-wide statements**

The Statement of Net Assets and the Statement of Activities present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, departmental income, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods and services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, water and sewer, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the City acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the City, and are not available to be used.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

C. Measurement focus and basis of accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the City's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

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**E. Property taxes**

Real property taxes for City purposes are levied annually based on City budget requirements. City taxes, including re-levied items and county taxes, are due and payable in two installments, May 15 and August 15. The City remits to the county taxes collected on or before May 25 and December 1, of the current year. Taxes delinquent after these dates are remitted to the County by the 30th day of the month collected. Real property taxes not paid within a timely period are generally included in City tax sale proceedings and the City may ultimately take title to parcels in respect to which taxes have not been paid.

Delinquent City school district taxes are also collected by the City. Unpaid school district taxes are subject to tax sale proceedings. The school district is made whole at the time of collection.

At December 31, 2013, real property tax receivables were \$2,534,765. Returned school taxes are offset by a liability to the school district in the same amount.

**F. Accounts receivable**

Accounts receivable are shown net, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**G. Due to/from other funds**

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

**H. Capital assets**

Capital assets are reported at actual cost for acquisitions subsequent to 1990. For assets acquired prior to 1990, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>Useful Life</u>
Buildings	\$ 1,000	Straight Line (SL)	40 yr. (varies)
Building improvements	1,000	SL	40 yr. (varies)
Site improvements	1,000	SL	40 yr. (varies)
Furniture and equipment	1,000	SL	5-15 yr.
Infrastructure	1,000	SL	40 yr. (varies)

I. Vested employee benefits

The City employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis.

Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with *GASB Statement 16, Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

City employees participate in the New York State and Local Retirement System and the New York State and Local Police and Fire Retirement System.

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In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through a plan whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid.

J. Postemployment benefits other than pensions (OPEB)

In addition to providing the retirement benefits described in note 1 (I.), the City provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the City Council.

The City is self insured for health insurance and uses a third party administrator to run the plan. It has a major medical plan which pays 80% of approved claims, with the enrollee paying the other 20%. This applies for those retirees, and dependents, that wish to take coverage under the plan. Each group of retirees pays a portion of the monthly premium, set by the City's actuary, for their coverage.

The City also provides Medicare Part B reimbursement coverage for eligible retired employees, depending on which union they were in and when they were hired.

In 2004, the Governmental Accounting Standards Board (GASB) released *Statement No. 45 (GASB 45)* concerning health and other non-pension benefits for retired public employees. *GASB 45* was issued to provide more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB as part of employee compensation. In 2009, the City implemented *GASB 45*.

K. Budgetary procedures and budgetary accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

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The City employs the following budgetary procedures:

- a. No later than November 1, the City Manager submits a tentative budget to the Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City, except the Insurance Fund.
- b. After public hearings are conducted to obtain taxpayer comments, but not later than December 20, the governing board adopts the budget.
- c. All revisions that alter appropriations of any department or fund must be approved by the governing board. However, the comptroller is authorized to transfer certain budgeted amounts within departments, provided such transfer does not exceed 5% of the department's budget and is reported to the council at its next meeting.
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds.

Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

L. Deferred revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the City has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

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Statute provides the authority for the City to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenues in the subsequent fiscal year, rather than when measurable and available.

**M. Restricted resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**N. Fund balance – reservations and designations**

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City council members through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City council. Assigned fund balance is a limitation imposed by the City council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

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O. Inventories

Purchases of inventoriable items are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

P. Insurance

The City of Ogdensburg self-insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or availability has been incurred and the amount of loss can be reasonably estimated.

Q. Total columns on the financial statements

Total columns on the fund financial statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2014 through September 26, 2014 for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the date of the financial statements required to be recognized or disclosed in the accompanying financial statements.

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**Note 2 – Explanation of certain differences between governmental fund statements and government-wide statements**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. *Fund Balances of governmental Funds vs. Net Position of Governmental Activities*

Total fund balances of the City's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. *Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:*

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

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3. Long-term debt transaction differences:  
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

**Note 3 - Detail notes on all funds and account groups**

A. Assets

1. Cash on Deposit/Collateral

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreements.

For the purposes of reporting cash flow, cash equivalents are defined as short-term, high liquid investments that are both readily convertible to known amounts of cash and near their maturity.

a. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) Insured or collateralized with securities held by the City or by its agent in the City's name; (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the City's name; or (3) Uncollateralized.

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Total financial institution (bank) balances at December 31, 2013, per the banks were \$7,526,261. These deposits are categorized as follows:

1	2	3	Carrying Value
<u>\$1,000,000</u>	<u>\$ 6,526,261</u>	<u>\$ -</u>	<u>\$ 7,526,261</u>

2. Unrestricted Cash - At December 31, 2013, unrestricted cash consisted of the following:

	<u>Checking</u> <u>Accounts</u>	<u>Interest</u> <u>Accounts</u>	<u>Petty</u> <u>Cash</u>	<u>Total</u>
General	\$ (916,000)	\$2,810,931	\$ 875	\$ 1,895,806
Special Revenue:				
Community Deveopment	-	498,979	-	498,979
Library/Remington	56,952	-	-	56,952
Sewer	414,952	-	-	414,952
Water	625,850	-	-	625,850
Insurance	126,571	110,056	-	236,627
Capital	-	1,440,389	-	1,440,389
<b>Total</b>	<u><u>\$ 308,325</u></u>	<u><u>\$4,860,355</u></u>	<u><u>\$ 875</u></u>	<u><u>\$ 5,169,555</u></u>

3. Restricted Cash - Restricted cash of \$33,707 in the Special Revenue (Insurance) Fund held for future unemployment insurance claims and \$959,682 in the Community Development Fund held for community development projects. The General Fund has restricted cash of \$1,197,039 held for various reserves described in note 3 section d – fund equity. Total restricted cash is \$2,190,428.

4. Investment Pool

The City participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At December 31, 2013, the City's share, \$44,086, of the pooled investments consisted of various investments in securities issued by the United States and its agencies. The investments are highly liquid and are considered to be cash equivalents.

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The following amounts are classified as investments on the City's combined balance sheet:

<u>Fund</u>	<u>Amount</u>	
General Fund	\$ 42,263	Investment Pool
Special Revenue – Risk Retention	<u>1,823</u>	Investment Pool
	<u>\$ 44,086</u>	

The investment pool is categorically exempt from the New York State collateralization requirements.

5. Capital Assets

Capital asset balances and activity for the year ended December 31, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassification</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets that are not depreciated:</b>				
Construction in progress	\$ 6,576,977	\$ 635,964	\$ 2,500,000	\$ 4,712,941
Land	6,776,899	-	-	6,776,899
	<hr/>			
Total nondepreciable historical cost	13,353,876	635,964	2,500,000	11,489,840
	<hr/>			
<b>Capital assets that are depreciated:</b>				
Buildings, improvements, infrastructure	52,243,568	2,529,802	3,278,983	51,494,387
Machinery, equipment, vehicles	22,812,301	849,196	401,462	23,260,035
	<hr/>			
Total depreciable historical cost	75,055,869	3,378,998	3,680,445	74,754,422
	<hr/>			
<b>Less accumulated depreciation:</b>				
Buildings, improvements, infrastructure	32,933,925	1,099,719	1,625,297	32,408,347
Machinery, equipment, vehicles	18,373,835	502,110	371,474	18,504,471
	<hr/>			
Total accumulated depreciation	51,307,760	1,601,829	1,996,771	50,912,818
	<hr/>			
Total depreciable historical cost, net	23,748,109	1,777,169	1,683,674	23,841,604
	<hr/>			
Total historical cost, net	\$ 37,101,985	\$ 2,413,133	\$ 4,183,674	\$35,331,444
	<hr/>			

**City of Ogdensburg, New York**  
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Depreciation expense was charged to governmental functions as follows:

Function/Program

General Governmental Support	\$ 68,136
Public Safety	105,767
Transportation	553,426
Culture and Recreation	379,037
Home and Community	<u>495,463</u>
Total Depreciation	<u>\$ 1,601,829</u>

B. Liabilities

1. Pension Plans

Plan Descriptions

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

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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The City of Ogdensburg is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2013	\$661,257	\$540,808
2012	617,325	503,140
2011	557,881	456,419

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with and 8.75% interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at December 31, 2013 was \$ -0-.

2. Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the year ended December 31, 2013 amounted to \$778,399. At December 31, 2013, the postemployment benefit liability for retired employees amounted to \$4,310,720.

The number of participants as of December 31, 2013 was as follows:

Active employees	125
Retired employees	100
Spouses of retired employees	<u>40</u>
Total	<u><u>265</u></u>

Funding Policy - The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Annual Other Postemployment Benefit Cost (OPEB) - for the year ended December 31, 2013, the annual OPEB cost amounted to \$1,676,110.

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Benefit Obligations and Normal Cost

Actuarial accrued liability (AAL)	<u>\$ 31,123,050</u>
Underfunded actuarial accrued (UAAL)	<u>\$ 31,123,050</u>
Normal cost for fiscal year	403,246
Amortization of unfunded UAAL	<u>1,277,892</u>
Annual required contribution	<u>\$ 1,681,138</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,681,138
Interest on net OPEB obligation	141,293
Adjustment to annual required	<u>(146,321)</u>
Annual OPEB cost (expense)	1,676,110
Contribution made on a pay-as-you-go basis	<u>(897,711)</u>
Increase in net OPEB obligation	778,399
Net OPEB obligation at beginning of year	<u>3,532,321</u>
Net OPEB obligation at end of year	<u>\$ 4,310,720</u>
Actuarial methods and assumptions:	
Discount Rate	4.00%
Initial Medical Rate	5.70%
Ultimate Medical Rate	4.20%

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3. Short-Term Debt

Bond Anticipation Notes - Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANS issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is an analysis of BAN's outstanding as of December 31, 2013.

<u>Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
Capital Fund	1/27/12	\$300,000	1/24/14	1.625%	\$134,000
Capital Fund	5/2/13	\$550,000	5/2/14	1.500%	\$550,000
Total					<u>\$684,000</u>

The changes in BAN's during the year are as follows.

<u>Description</u>	<u>Balance at 12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/13</u>
Capital Fund	\$174,000	-0-	\$ 40,000	\$134,000
Capital Fund	-0-	\$550,000	-0-	\$550,000
Total				<u>\$684,000</u>

Tax Anticipation Notes - General Fund - a tax anticipation note, with an interest rate of 1.375%, was issued on August 1, 2013 for \$1,800,000 and matures on August 1, 2014. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2013 year.

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4. Due to Other Governments

At December 31, 2013, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	656,800
Due to St. Lawrence County	<u>1,698,252</u>
	<u>\$ 2,355,052</u>

5. Long-Term Debt

a. Serial Bonds - The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities which are full faith and credit debt of the local government are recorded in the general long-term debt account group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

b. Other Long-Term Debt - In addition to the above long-term debt the local government had the following noncurrent liability: Compensated absences - represents the value of earned and the unused portion of the liability for compensated absences.

c. The following is a summary of long-term liabilities outstanding at December 31, 2013:

Serial Bonds	\$ 3,900,000
Compensated Absences	848,916
OPEB	<u>4,310,720</u>
Total Long-Term Liabilities	<u>\$ 9,059,636</u>

d. The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2013:

	<u>Serial Bonds</u>	<u>Compensated Absences</u>
Payable at 1/1/13	\$ 4,500,000	\$ 670,161
Additions	-	178,755
Deletions	<u>295,000</u>	<u>-</u>
Payable at 12/31/13	<u>\$ 4,205,000</u>	<u>\$ 848,916</u>

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Additions and deletions to compensated absences are reported net, as it is impractical to determine these amounts separately.

- e. Long-Term Maturity Schedule - The following is a statement of serial bonds with corresponding schedules:

<u>Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/13</u>
Elizabeth St. Reconstruction	2012	1,292,905	2.0% (VAR)	2023	1,163,872
Caroline St. - Sewer	2012	42,160	2.0% (VAR)	2023	37,952
Sewage Treatment Plant	2012	579,699	2.0% (VAR)	2023	521,845
Water Tower Painting	2012	221,339	2.0% (VAR)	2023	199,249
Mansion Avenue Transmission	2012	158,097	2.0% (VAR)	2023	142,319
New Park Recreation Area	2012	210,800	2.0% (VAR)	2023	189,763
Public Improvements	2007	2,490,000	4.3% (VAR)	2027	1,950,000
					<u>\$ 4,205,000</u>

- f. The following tables summarize the City's future debt service requirements as of December 31, 2013:

<u>Year End Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 305,000	\$ 142,063
2015	315,000	133,419
2016	325,000	124,456
2017	329,999	114,906
2018	345,000	104,708
2019-2023	1,905,001	337,080
2024-2027	680,000	76,806
	<u>\$ 4,205,000</u>	<u>\$ 1,033,438</u>

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**For the Years Ended December 31, 2013 and 2012**

g. Debt Limits

At December 31, 2013, the total outstanding indebtedness of the City aggregated \$4,205,000. Of this amount, \$3,863,432 was subject to the constitutional debt limit and represented approximately 20.36% of its statutory debt limit.

C. Interfund Receivables and payables

Interfund receivables and payables at December 31, 2013 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,947,506	\$ 731,598
Capital Projects	472,422	1,459,712
Trust and Agency	-	821
 <u>Special Revenue</u>		
Special Grant	150	95,399
Insurance	-	422
Water	555,703	482,393
Sewer	449,301	483,021
Library/Remington	254,229	425,945
 Total	 <u>\$ 3,679,311</u>	 <u>\$ 3,679,311</u>

D. Fund Equity

For flow assumption policy regarding use of fund balance types, refer to Note 1 – N above.

Restricted for:

Unemployment Insurance	\$ 33,707	(Insurance Fund)
Community Development Projects	959,682	(CD Fund)
Miscellaneous	193,560	(General)
Asset Forfeiture	7,775	(General)
LWRP	56,354	(General)
Capital Interest	454,709	(General)
Taxes	<u>484,641</u>	(General)

Total Restricted Fund Balance \$2,190,428

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

Unassigned:	
General	\$1,639,472
Community Development	(376,344)
Insurance Reserve	235,541
Water	1,151,924
Sewer	990,745
Library / Remington	42,828
Capital	<u>(62,818)</u>
 Total Unassigned Fund Balance	 <u>\$3,621,348</u>

City employees are entitled to coverage under the Unemployment Insurance Law. The City has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for benefits paid to former City employees and charged to the City's account.

The City has established an unemployment insurance payment reserve fund. This reserve, accounted for in the Insurance fund, had a balance of \$33,707 at December 31, 2013.

**E. Deferred Compensation**

Employees of the City may elect to participate in the ICMA RC 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.

As of December 31, 2013, the market value of the assets of the plan totaled \$3,377,950. In accordance with Section 457 of the Code, all amounts of Compensation deferred or contributed under the Plan, all property and rights purchased with such amounts and all income attributable to such amounts, and all other property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the Trust Agreement. This amount is reflected as an Agency Fund asset along with a corresponding liability to the employees participating in the plan.

**Note 4 - Constitutional tax limit**

The constitution of the State of New York limits the amount of real property taxes which may be levied by the City. The City may levy an amount of taxes which are subject to such limit in any fiscal year not to exceed 2% of the average full valuation of taxable real estate within such City. At December 31, 2013, the City had exhausted 71.58% of its constitutional tax limit.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

**Note 5 - Leases - Lessees**

**Operating Leases**

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2013 was \$15,624. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31:

2014	\$ 15,993
2015	15,100
2016	10,477
2017	6,862
2018	1,458

**Note 6 - Prior period adjustments**

In 2013 adjustments were entered to adjust prior periods as follows:

General Fund - To Adjust Balance in Tax Sale to Year End Detail	\$ 255
General Fund - Tax Sale Parcels Written Off in 2013	(45,899)
General Fund - Parcels Sold at Auction / City/County Taxes Written Off	(20,823)
General Fund - To Correct Trash Removal Charge to Sidewalk Ins in 2012	(817)
Water Fund - To Correct Amount Releived to the 2013 Tax Roll	12,665
Sewer Fund - To Correct Amount Releived to the 2013 Tax Roll / 1st Installment	15,107
	\$ (39,512)

**Note 7 - Contingencies**

**A. State and Federal Aid**

The local government has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

**City of Ogdensburg, New York**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

**B. Other Claims**

The City is currently named as a defendant in several court actions. Any possible liability, as advised by counsel, is too early in the process to properly estimate or form an opinion upon but is felt would not materially affect their financial position, and has not been included in the current financial statements.

City of Ogdensburg, New York  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - General Fund  
 December 31, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>Revenues</b>				
Real property taxes	\$ 4,607,224	\$ 4,537,224	\$ 4,597,514	\$ 60,290
Real property tax items	227,700	227,700	228,105	405
Non property tax items	3,030,000	3,030,000	3,108,534	78,534
Departmental income	387,100	381,600	813,444	431,844
Intergovernmental charges	40,000	40,000	125,743	85,743
Use of money and property	79,712	79,712	80,448	736
Licenses and permits	42,200	42,200	53,695	11,495
Fines and forfeitures	57,000	64,500	61,792	(2,708)
Sale of property and compensation for loss	15,000	15,000	17,692	2,692
Miscellaneous local sources	4,000	2,000	20,261	18,261
State aid	2,026,024	2,026,024	2,120,159	94,135
Federal aid	245,879	245,879	222,590	(23,289)
<b>Total Revenues</b>	<u>10,761,839</u>	<u>10,691,839</u>	<u>11,449,977</u>	<u>758,138</u>
<b>Other financing sources</b>				
Transfers from other funds	526,060	526,060	110,244	(415,816)
Appropriated reserve	50,000	50,000	-	(50,000)
Appropriated fund balance	404,400	404,400	-	(404,400)
<b>Total Other Financing Sources</b>	<u>980,460</u>	<u>980,460</u>	<u>110,244</u>	<u>(870,216)</u>
<b>Total Revenues and Other Financing Sources</b>	<u>11,742,299</u>	<u>11,672,299</u>	<u>11,560,221</u>	<u>(112,078)</u>
<b>Expenditures</b>				
General government support	1,446,260	1,497,482	1,434,571	62,911
Public safety	6,520,057	6,520,057	6,425,812	94,245
Transportation	1,964,478	1,709,511	1,979,871	(270,360)
Economic assistance and opportunity	25,160	25,160	25,854	(694)
Culture and recreation	648,172	648,172	630,040	18,132
Home and community services	-	238,893	525,186	(286,293)
Employee benefits	13,000	13,000	13,000	-
Contingency	105,148	-	-	-
Debt service	243,711	243,711	240,388	3,323
<b>Total Expenditures</b>	<u>10,965,986</u>	<u>10,895,986</u>	<u>11,274,722</u>	<u>(378,736)</u>
<b>Other financing uses</b>				
Transfers to other funds	776,313	776,313	1,052,022	(275,709)
<b>Total Other Financing Uses</b>	<u>776,313</u>	<u>776,313</u>	<u>1,052,022</u>	<u>(275,709)</u>
<b>Total Expenditures and Other Financing (Uses)</b>	<u>11,742,299</u>	<u>11,672,299</u>	<u>12,326,744</u>	<u>(654,445)</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	-	-	(766,523)	(766,523)
Prior Period Adjustments	-	-	(67,284)	(67,284)
Fund Balance - Beginning	-	-	3,670,318	3,670,318
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,836,511</u>	<u>\$ 2,836,511</u>

See paragraph on supplementary schedules included in the independent auditor's report.

**City of Ogdensburg, New York**  
**Combining Balance Sheet - Special Revenue Funds**  
**December 31, 2013**

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Assets</b>						
Cash - Unrestricted	\$ 498,979	\$ 236,627	\$ 625,850	\$ 414,952	\$ 56,952	\$ 1,833,360
Cash - Restricted	959,682	33,707	-	-	-	993,389
Loans Receivable (Net)	4,446,113	-	-	-	-	4,446,113
Other Receivables	43,064	-	11,648	-	163,537	218,249
Water Rent Receivable	-	-	496,576	-	-	496,576
Sewer Rent Receivable	-	-	-	687,491	-	687,491
State and Federal Aid Receivable	927,957	-	-	-	-	927,957
Investments	-	1,823	-	-	-	1,823
Due from Other Funds	150	-	555,703	449,301	254,229	1,259,383
<b>Total Assets</b>	<u>6,875,945</u>	<u>272,157</u>	<u>1,689,777</u>	<u>1,551,744</u>	<u>474,718</u>	<u>10,864,341</u>
<b>Liabilities</b>						
Accounts Payable	836,090	2,487	55,460	77,978	5,945	977,960
Due to Other Funds	95,399	422	482,393	483,021	425,945	1,487,180
Deferred Revenue	5,361,118	-	-	-	-	5,361,118
<b>Total Liabilities</b>	<u>6,292,607</u>	<u>2,909</u>	<u>537,853</u>	<u>560,999</u>	<u>431,890</u>	<u>7,826,258</u>
<b>Fund Balance</b>						
Assigned	959,682	33,707	-	-	-	993,389
Unassigned	(376,344)	235,541	1,151,924	990,745	42,828	2,044,694
<b>Total Fund Balance</b>	<u>583,338</u>	<u>269,248</u>	<u>1,151,924</u>	<u>990,745</u>	<u>42,828</u>	<u>3,038,083</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 6,875,945</u>	<u>\$ 272,157</u>	<u>\$ 1,689,777</u>	<u>\$ 1,551,744</u>	<u>\$ 474,718</u>	<u>\$ 10,864,341</u>

See paragraph on supplementary schedules included in the independent auditor's report.

**City of Ogdensburg, New York**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Special Revenue Funds**  
**For the Year Ended December 31, 2013**

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Revenues</b>						
Department income	\$ -	\$ -	\$ 1,790,980	\$ 2,248,253	\$ 7,365	\$ 4,046,598
Intergovernmental charges	-	-	-	-	3,164	3,164
Use of money and property	1,291	29	293	224	-	1,837
Sale of property and compensation for loss	-	22,873	-	-	-	22,873
Miscellaneous local sources	-	-	-	-	323,064	323,064
State aid	80,526	-	-	-	-	80,526
Federal Program Income	459,406	-	-	-	-	459,406
Federal aid	64,069	-	-	-	-	64,069
<b>Total Revenues</b>	<u>605,292</u>	<u>22,902</u>	<u>1,791,273</u>	<u>2,248,477</u>	<u>333,593</u>	<u>5,001,537</u>
<b>Expenditures</b>						
General governmental support	-	197,470	-	-	-	197,470
Culture and recreation	-	-	-	-	1,013,833	1,013,833
Home and community services	1,243,246	-	1,540,093	1,818,695	-	4,602,034
Debt service: principal	-	-	29,536	149,055	-	178,591
Debt service: interest	-	-	9,168	48,796	-	57,964
<b>Total Expenditures</b>	<u>1,243,246</u>	<u>197,470</u>	<u>1,578,797</u>	<u>2,016,546</u>	<u>1,013,833</u>	<u>6,049,892</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>(637,954)</u>	<u>(174,568)</u>	<u>212,476</u>	<u>231,931</u>	<u>(680,240)</u>	<u>(1,048,355)</u>
<b>Other financing sources (uses)</b>						
Interfund transfers from	-	240,000	-	-	696,313	936,313
Interfund transfers to	(95,399)	-	(80,000)	(120,000)	-	(295,399)
<b>Total Other Financing Sources (Uses)</b>	<u>(95,399)</u>	<u>240,000</u>	<u>(80,000)</u>	<u>(120,000)</u>	<u>696,313</u>	<u>640,914</u>
<b>Excess (Deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>(733,353)</u>	<u>65,432</u>	<u>132,476</u>	<u>111,931</u>	<u>16,073</u>	<u>(407,441)</u>
Prior Period Adjustments	-	-	12,665	15,107	-	27,772
Fund Balance - Beginning	1,316,691	203,816	1,006,783	863,707	26,755	3,417,752
<b>Fund Balance - Ending</b>	<u>\$ 583,338</u>	<u>\$ 269,248</u>	<u>\$ 1,151,924</u>	<u>\$ 990,745</u>	<u>\$ 42,828</u>	<u>\$ 3,038,083</u>

See paragraph on supplementary schedules included in the independent auditor's report.

**City of Ogdensburg, New York**  
**Schedule of Project Expenditures - Capital Projects Fund**  
**December 31, 2013**

Project Name	Code	Original Appropriation	Revised Appropriation	Prior Years	Expenditures & Obligations to Date		Available Balance
					Current Year	Total	
Ice Arena	H7181	1,158,801	1,368,564	1,373,730	-	1,373,730	(5,166)
Brownfields Projects	H3650	700,000	3,321,500	3,355,338	-	3,355,338	(33,838)
River Shoreline Improvements	H718201	667,000	3,906,364	3,912,490	-	3,912,490	(6,126)
Brownfields (Augsbury/Quik Rite) Project	H809001	200,000	200,000	197,002	-	197,002	2,998
Soldiers' & Sailors Mont. Rest. Project	H898901	47,000	47,000	34,276	-	34,276	12,724
Montgomery/Clickner Redevelopment	H866601	449,357	1,003,410	601,789	-	601,789	401,621
Shade Roller Building Demo.	H866602	700,000	1,000,000	843,909	203,446	1,047,355	(47,355)
Transient Docking	H718205	100,000	100,000	13,847	-	13,847	86,153
LWRP Revision	H802001	70,000	55,000	46,601	2,493	49,094	5,906
Paterson Street Reconstruction	H511001	905,000	950,000	674,841	210,322	885,163	64,837
Lake Street Bridge Replacement	H512001	2,500,000	2,500,000	2,442,760	33,880	2,476,640	23,360
WWTP Energy Efficiency Improvements	H813002	1,210,400	1,179,725	1,114,355	-	1,114,355	65,370
Brownfield Opportunity Area	H809002	355,500	355,500	68,527	268,800	337,327	18,173
Brownfield AWP Grant for BOA	H809003	145,000	145,000	116,510	23,382	139,892	5,108
Beaver Brook Storm Sewer Improvements	H812003	300,000	174,000	172,253	828	173,081	919
Solar Photovoltaic Installation	H8410	307,089	307,089	307,089	-	307,089	-
BF Assessment Grant - Hazardous	H809004	200,000	200,000	-	8,896	8,896	191,104
BF Assessment Grant - Petroleum	H809005	120,000	120,000	-	7,066	7,066	112,934
Capital Improvements 2013	H9500	550,000	550,000	285,632	-	285,632	-
City Hall Window Replacement	H162102	50,000	50,000	-	50,394	50,394	(394)
<b>Totals</b>		<b>\$10,735,147</b>	<b>\$17,533,152</b>	<b>\$15,275,317</b>	<b>\$ 1,095,139</b>	<b>\$ 16,084,824</b>	<b>\$ 898,328</b>

See paragraph on supplementary schedules included in the independent auditor's report.



Pinto·Mucenski·Hooper  
Van House & Co.  
Certified Public Accountants, P.C.

301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
[www.pmhvcpa.com](http://www.pmhvcpa.com)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and members of City Council  
City of Ogdensburg, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Ogdensburg, New York's basic financial statements, and have issued our report thereon dated September 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ogdensburg, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ogdensburg, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ogdensburg, New York's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Pante Mucinski Hooper Van House & Co.  
Certified Public Accountants, P.C.

Ogdensburg, New York  
September 26, 2014



Pinto·Mucenski·Hooper  
Van House & Co.  
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301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
[www.pmhvcpa.com](http://www.pmhvcpa.com)

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

To the Mayor and members of City Council  
City of Ogdensburg, New York

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ogdensburg, New York's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Ogdensburg, New York's major federal programs for the year ended December 31, 2013. The City of Ogdensburg, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Ogdensburg, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

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

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

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

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

  
Pruthi Mucinski Hooper Van Housen & Co.  
Certified Public Accountants, P.C.

Ogdensburg, New York  
September 26, 2014

**City of Ogdensburg, New York  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013**

<u>Federal Grantor/Program Title/Grant Number</u>	<u>Federal CFDA Number</u>	<u>Direct/ Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<i>Pass - Through Awards</i>			
U.S. Department of Housing and Urban Development (Passed Through the NYS Housing Finance Agency): Neighborhood Stabilization Program	14.228	-	71,321
U.S. Department of Homeland Security (Passed Through the NYS Comptroller's Office): Operation Stonegarden	97.067	-	<u>222,591</u>
<i>Total Passed Through Awards</i>			<u>293,912</u>
 <i>Direct Awards</i>			
U.S. Department of Environmental Protection Agency: Brownfields	66.818	-	242,790
U. S. Department of Transportation: Federal-Aid Highway and Marchiselli-Aid Project Agreement	20.205	-	173,909
U.S. Department of Justice: DOJ Equitable Sharing	16.922	-	<u>4,948</u>
<i>Total Direct Awards</i>			<u>421,647</u>
<b>Total Federal Awards Expended</b>			<b><u>\$ 715,559</u></b>

**City of Ogdensburg, New York**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2013**

**Note 1 - Summary of Certain Significant Accounting Policies:**

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The City's policy is not to charge federal award programs with indirect costs.

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

**Note 2- Subrecipients:**

No amounts were provided to subrecipients.

**Note 3 - Other Disclosures:**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the City's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**City of Ogdensburg, New York  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2013**

**SUMMARY OF AUDITORS' RESULTS**

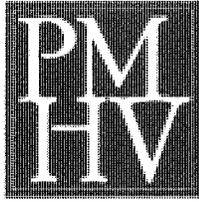
1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Ogdensburg, New York.
2. No deficiencies were disclosed during the audit of the financial statements as reported in the **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***.
3. No instances of noncompliance material to the financial statements of the City of Ogdensburg, New York, which would be required to be reported in accordance with ***Government Auditing Standards*** were disclosed during the audit.
4. No control deficiencies in internal control over major federal award programs were disclosed during the audit or reported in the **Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with *OMB Circular A-133***.
5. The auditors' report on compliance for the major federal award program for the City of Ogdensburg, New York expresses an unmodified opinion on the major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of ***OMB Circular A-133*** are reported in this Schedule.
7. The programs tested as a major program included:
  - Department of Homeland Security: Operation Stonegarden – 97.067.
  - Department of Transportation: Federal-Aid Highway and Marchiselli-Aid Project Agreement – 20-205.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Ogdensburg, New York was determined to be a high-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE



Pinto·Mucenski·Hooper  
Van House & Co.  
Certified Public Accountants, P.C.

301 Ford Street  
P.O. Box 327  
Ogdensburg, NY 13669  
(315) 393-7502  
Fax: (315) 393-9231  
[www.pmhvcpa.com](http://www.pmhvcpa.com)

## AUDITOR'S REPORT ON STATUS OF PRIOR AUDIT FINDINGS

To the Mayor and members of City Council  
City of Ogdensburg  
Ogdensburg, New York 13669

We have audited the financial statements of the City of Ogdensburg, New York as of and for the year ended December 31, 2013, and have issued our report thereon dated September 26, 2014. We conducted our audit in accordance with U. S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of *OMB Circular A-133*.

As an integral part of our audit of said financial statements, we conduct a follow-up on known findings and recommendations from previous audits that have an effect on the current audit objectives. However, there were no findings from the previous audit that had an effect on the current audit.

Very truly yours,

Pinto Mucenski Hooper Van House & Co.  
Certified Public Accountants, P.C.

Ogdensburg, New York  
September 26, 2014



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September 26, 2014

To the Mayor and members of City Council  
City of Ogdensburg  
Ogdensburg, New York 13669

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 24, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under US Generally Accepted Auditing Standards, Government Auditing Standards, and OMB Circular A-133

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with US generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Also, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimates affecting the City's financial statements follow.

Valuation of Accounts and Other Government Receivables

Management's estimate of the valuation of receivables is based on a review of water and sewer usage invoices, historical collection rates, contractual agreements, and an analysis of the collectability of individual receivables owed to the City. We evaluated the key factors and assumptions used to develop the valuation of receivables in determining that they are reasonable in relation to the financial statements taken as a whole.

Useful Lives Used in Providing Depreciation Expense

Management's estimate of the useful lives of assets used in providing depreciation expense is based on the requirements of generally accepted accounting principles. We evaluated the key factors and assumptions used by management in determining that depreciation expense was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements follow.

Post Employment (Health Insurance) Benefits Other Than Pensions – GASB #45

The disclosure of post employment benefits other than pensions found in Note 3(B)(2) to the financial statements of the City describes the required implementation and recording of the liability.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction of Use

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

Very truly yours,

  
P. Mucenski Hooper Van House & Co.  
Certified Public Accountants, P.C.



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September 26, 2014

To the Mayor and members of City Council  
City of Ogdensburg  
Ogdensburg, New York 13669

In planning and performing our audit of the financial statements of the City of Ogdensburg, New York for the year ended December 31, 2013, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not to express an opinion on the effectiveness of internal control over financial reporting. Also, our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness in internal control* is a deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. However, we noted no matters involving the internal control structure and its operation that we consider to be deficiencies or material weaknesses as defined above.

The accompanying comment is submitted as a constructive suggestion to assist you in improving controls and procedures. This recommendation has been previously discussed with management and is set forth in this letter as a mutual record of the discussions and for such follow-up as you may consider appropriate.

We appreciate the cooperation and courtesy extended to us by the management and employees of the City. We would be pleased to discuss our recommendation with you in further detail, as you may desire.

This report is intended solely for the use of the audit committee, management, and the members of City Council.

Very truly yours,

Pinto Mucenski Hooper Van House & Co.  
Certified Public Accountants, P.C.  
Ogdensburg, New York

**City of Ogdensburg, New York  
Comments and Recommendations  
December 31, 2013**

**12-1**

**Status:** Not Addressed.

**Condition:** The City of Ogdensburg, New York has not chosen to appoint an audit committee, formed to internally oversee and direct the audit function.

**Recommendation:** It is now common practice among elected boards to designate a group of city councilors to work closely with the external auditors during the audit and report back to the full board pertinent information throughout the process. Usually the audit manager will provide the committee with an audit presentation at the conclusion of the audit and the committee would report this information back to the entire board. Members of the audit committee are those individuals who may better understand the intricacies of the governmental reporting and may have a financial background. We recommend that the city councilors consider implementing an audit committee, going forward. This is a repeat comment.

**Management Response:** Management recommends that this issue be brought to City Council for their consideration.