

CITY OF OGDENSBURG
OGDENSBURG, NEW YORK

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014 AND 2013

CITY OF OGDENSBURG, NEW YORK
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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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of December 31, 2014 and 2013, and the respective changes in financial position, 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

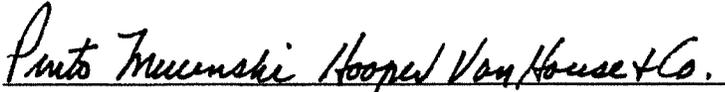
comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States 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 30, 2015, 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,


Certified Public Accountants, P.C.

Ogdensburg, New York
September 30, 2015

The City of Ogdensburg offers this discussion and analysis for the fiscal year ending December 31, 2014. Please read along with the City's financial statements which include the notes to the financial statements.

1. FINANCIAL HIGHLIGHTS

Total assets of the City exceeded total liabilities by \$26,391,310.

For the year, total revenues for the City were \$17,960,342, while total expenses were \$18,400,204. The net of the revenues and expenses leaves the City with a net decrease of \$439,862.

At the end of the year, total unassigned fund balance for the General Fund was \$1,786,878 up from \$1,268,072 in the prior year. The unassigned fund balance at the end of 2014 represents 14% 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 \$3,900,000 down from \$4,205,000 at the end of 2013.

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 Position 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 Position 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 position 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 Position – Net Position may serve as useful indicator of a government’s financial position over time. For the year ending December 31, 2014, the City of Ogdensburg’s assets exceeded liabilities by \$26,391,310.

The majority of the City’s net position is in 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

	<u>Governmental Activities 2014</u>
Current Assets	\$ 22,277,283
Noncurrent Assets	<u>37,372,198</u>
Total Assets	<u>\$ 59,649,481</u>
Current Liabilities	\$ 9,389,360
Noncurrent Liabilities	<u>13,521,923</u>
Total Liabilities	<u>\$ 22,911,283</u>
Deferred Inflows of Resources	<u>\$ 10,346,888</u>
Net Position:	
Invested in capital assets, Net of related debt	\$ 33,472,198
Restricted	857,700
Unrestricted	<u>(7,938,588)</u>
Total Net Position	<u>\$ 26,391,310</u>

**Total Liabilities, Deferred Inflows
of Resources and Net Position \$ 59,649,481**

The remaining category of total net position, *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 position of the City's governmental activities for the year ending December 31, 2014 was \$26,391,310.

The change in net position 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 Position

	Governmental Activities 2014
<u>Revenues</u>	
Program Revenues:	
Charges for Services	\$ 5,198,540
Operating Grants and contributions	2,770,789
Capital Grants and contributions	816,495
General revenues:	
Property Taxes	4,547,750
Sales and Other Taxes	4,166,550
Government Aid	62,855
Other	397,363
Total Revenues	<u>\$ 17,960,342</u>
<u>Expenses</u>	
General Government	\$ 1,791,749
Public Safety	6,592,225
Transportation	2,410,735
Economic assistance & opportunity	24,900
Culture and recreation	2,032,380
Home and community	4,599,250
Employee Benefits	588,531
Debt Service	175,327
Compensated Absences	33,848
Loss on sale of fixed assets	1,418
Judgment & Claims	<u>149,841</u>
Total Expense	<u>\$ 18,400,204</u>

Excess of revenues over expense	(439,862)
Prior Period Adjustment	<u>(927,345)</u>
Increase (Decrease) in Net Position	(1,367,207)
Net Position-beginning, as restated	<u>27,758,517</u>
Net Position-ending	<u>\$ 26,391,310</u>

The City's total revenues for the year were \$17,960,342 versus total expenses of \$18,400,204. For the year, the City's net position decreased by \$(1,367,207) to bring total net assets of the primary government of the City to \$26,391,310. 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 25% of the total revenues while sales taxes were 23% 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 \$3,600,185 (54%) and \$2,967,677 (45%), of the total for public safety, respectively.

Home and community total expenses for the year were \$4,599,250. Costs associated with operating the water fund were \$1,704,873 or (37%) of the total while the sewer fund costs were \$2,198,896 or (48%) of the total.

In 2014 our overall retirement bill was \$1,358,143 this is compared to \$1,202,065 in 2013. In 2015 we are scheduled to pay \$1,666,460. 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 \$1,591,651 for 2014.

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 unassigned fund balance was \$1,786,878 and the total fund balance was \$2,861,960. As a measure of the General Fund' liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year ending December 31, 2014, unassigned fund balances represent 14% of total fund expenditures (including transfers out), while total fund balance was 23% of the same amount. The total fund balance of the City's General Fund increase by \$25,449 or 1% 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 \$(3,193,258).
- 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 \$3,187,333. Components of December 31, 2014 fund balance are as follows:

Reserved	
Insurance	\$ 33,291
Community Development Reserve	<u>161,819</u>
Total reserve special revenue fund balance	<u>\$ 195,110</u>
Unassigned	
Appropriated, Community development	\$ 280,941
Unappropriated, all special revenue funds (excluding Community development)	<u>2,711,282</u>
Total unassigned special revenue fund balance	<u>2,992,223</u>
 Total Special revenue fund balance	 <u>\$ 3,187,333</u>

The appropriated unassigned 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 1st 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 15th 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 20th.

If the City Council fails to adopt a budget by December 20th, 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, 2014, amounted to \$37,372,198 (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 2014 included:

- Multiple General Improvements \$224,716
- Linden Street Water Loop \$77,734
- Paterson Street Reconstruction \$2,269,250
- Depreciation expense for the year was \$1,591,651

	City of Ogdensburg	Governmental Activities 2014
Land		\$ 6,776,899
Building & Improvements		59,304,157
Machinery & Equipment		22,837,171
Total		<u>\$ 88,918,227</u>
Less: Accum. Depreciation		51,546,029
Net Capital Assets		<u>\$ 37,372,198</u>

Long-term Debt

For the year, total debt decreased by \$305,000.

	City of Ogdensburg Outstanding Debt	
	2014	Governmental Activities 2013
General Obligation Bonds	\$ 3,900,000	\$ 4,205,000
Tax Anticipation Notes	<u>1,800,000</u>	<u>1,800,000</u>
Total	<u>\$ 5,700,000</u>	<u>\$ 6,005,000</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, 2014 the total indebtedness subject to its Constitutional Debt limit was \$3,588,727 or 18.78 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 2014 the City issued a Tax Anticipation Note (TAN) for \$1,800,000. This will be paid off in 2015.

6. ECONOMIC FACTORS

The City of Ogdensburg is working with the Ogdensburg Bridge and Port Authority to expand the services currently offered at the Authority's Ogdensburg Airport. The \$25 million airport expansion is scheduled to break ground in October 2015 and begin offering new flights as early as November 2016. The project has received \$7.6 million in funding from the Federal Aviation Administration, and \$1 million from Allegiant Air towards the project along with over \$1.7 million invested by the Authority to date.

The expansion will include infrastructure improvements to accommodate the operational requirements of Allegiant Air, a 177-passenger Airbus 320 aircraft including a 1,200-foot extension of Runway 27, taxiway widening and extension, runway approach lighting improvements, relocation of a section of NYS Route 68 to accommodate the runway extension, and obstruction removal. Additional improvements to facility will include a 4,000SF terminal addition and a 423-space parking area.

City officials are working with partners from the state to acquire and develop over 160 acres of underutilized lands at Ogdensburg's St. Lawrence Psychiatric Center (SLPC) which includes a cogeneration plant. Upgrades to this cogen facility will help ensure the longer-term stability of existing jobs, while also making available lands more attractive to private developers that could potentially create new jobs in Ogdensburg. The City has secured an agreement with the State to negotiate an acquisition on 45 of the 160 acres with frontage on State Highway 37, adjacent to the cogeneration plant.

Following the completion of Defelsko's 25,000 SF expansion, in the City's industrial park, the company plans to hire 25 additional employees over the next five years. Also in the City's industrial park, MAXAM has completed construction of their 3,000 SF chemical production facility. The new facility has 6 employees with plans to hire up to 4 more in the future. The company produces an oxidizer that is used as a constituent of explosives for construction and mining operations. Yet another manufacturer expanding in Ogdensburg is ANSEN Corp. ANSEN is an electric manufacturer employing 200 with plans for expansion that will add 30 + jobs. The company assembles circuit boards used

in industrial controls, medical, energy, lighting, power, transportation and agriculture applications. ANSEN is expanding in Ogdensburg to include upper level electronics assembly. To facilitate this expansion, the company is acquiring an additional building, 40,000 SF within Commerce Park that is presently unoccupied. Outside the industrial park, adjacent to the City's Port Facility is Hoosier Magnetics. Hoosier Magnetics is the largest independent producer of ferrite powder in the world. The powder is used in the magnetics industry. The facility presently produces 60 million pounds of ferrite powder annually, with the capacity to increase that to 100 million pounds. The City in partnership with the Ogdensburg Growth Fund have worked with the company and the St. Lawrence Country IDA to provide the needed capital to replace the kiln system and upgrade the emission controls. This project helped retain 33 jobs in Ogdensburg.

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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash		
Cash - unrestricted	\$ 5,804,108	\$ 6,085,555
Cash - restricted	857,700	2,190,428
Receivables		
Accounts and Other receivables (net)	4,560,725	5,963,248
Taxes receivable (net)	2,903,912	2,534,765
Due from other governments	548,045	273,961
State and federal receivables	7,542,858	2,512,828
Due from other funds	821	821
Investments	53,847	44,086
Prepaid expenses	5,267	-
Total current assets	<u>22,277,283</u>	<u>19,605,692</u>
Noncurrent assets		
Capital assets (net)	<u>37,372,198</u>	<u>35,331,444</u>
Total assets	<u><u>59,649,481</u></u>	<u><u>54,937,136</u></u>
Liabilities		
Current liabilities		
Cash overdraft	1,039,771	916,000
Accounts payable	624,865	1,247,105
Accrued Liabilities	990,000	-
Accrued interest payable	32,996	34,908
Due to other governments	1,466,228	2,355,052
Bond anticipation note payable	3,120,500	684,000
Tax anticipation note payable	1,800,000	1,800,000
Current portion of long term debt	315,000	305,000
Total current liabilities	<u>9,389,360</u>	<u>7,342,065</u>
Noncurrent liabilities		
Serial bonds payable	3,585,000	3,900,000
Compensated absences	882,764	848,916
Judgements and claims payable	4,169,908	4,020,067
Post employment benefits other than pensions	4,884,251	4,310,720
Total noncurrent liabilities	<u>13,521,923</u>	<u>13,079,703</u>
Total liabilities	<u>22,911,283</u>	<u>20,421,768</u>
Deferred inflows of resources		
Deferred Revenue	<u>10,346,888</u>	<u>6,756,851</u>
Net position		
Invested in capital assets, net of related debt	33,472,198	31,126,444
Restricted for reserves	857,700	2,190,428
Unrestricted (deficit)	(7,938,588)	(5,558,355)
Total net position	<u>26,391,310</u>	<u>27,758,517</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 59,649,481</u></u>	<u><u>\$ 54,937,136</u></u>

City of Ogdensburg, New York
Statements of Activities
For the Years Ended December 31, 2014 and 2013

Functions/Programs	2014				2013				Net (Expense) Revenue and Changes in Net Assets
	Program Revenues				Program Revenues				
	Expenditures	Charges for Services	Operating Contributions	Capital Grants and Contributions	Expenditures	Charges for Services	Operating Contributions	Capital Grants and Contributions	
General government support	1,791,749	613,525	1,735,682	712,652	1,766,644	578,195	1,737,126	509,374	1,058,051
Public safety and health	6,592,225	108,351	-	103,843	6,341,279	140,516	-	222,590	(5,978,173)
Transportation	2,410,735	61,272	350,529	-	2,504,805	40,543	319,696	-	(2,144,566)
Economic assistance and opportunity	24,900	-	-	(24,900)	25,854	210	-	-	(25,644)
Culture and recreation	2,032,380	70,000	310,138	-	1,974,861	70,000	324,417	-	(1,580,444)
Home and community services	4,599,250	4,345,392	374,440	-	5,454,856	4,039,233	203,001	-	(1,212,622)
Employee Benefits	588,531	-	-	-	791,399	-	-	-	(791,399)
Interest on debt	175,327	-	-	-	181,943	-	-	-	(181,943)
Loss (Gain) on disposal of fixed asset	1,418	-	-	-	1,271,141	-	-	-	(1,271,141)
Judgements & Claims - Current Year	149,841	-	-	-	1,260,988	-	-	-	(1,260,988)
Compensated Absences - Current Year	33,848	-	-	-	178,755	-	-	-	(178,755)
Total Functions and Programs	\$ 18,400,204	\$ 5,198,540	\$ 2,770,789	\$ 816,495	\$ 21,752,525	\$ 4,868,697	\$ 2,584,240	\$ 731,964	\$ (13,567,624)

General revenues		\$
Real property taxes		4,547,750
Real property tax items		217,642
Non property tax items		3,948,908
Departmental income		204,535
Intergovernmental charges		6,906
Use of money and property		6,493
Licenses and permits		50,119
Fines and forfeitures		82,986
Sale of property and compensation for losses		16,112
Miscellaneous local sources		30,212
State aid not restricted to specific programs		62,855
Total General Revenues		9,174,518
Change in net position		(439,862)
Prior period adjustment - Note 6		(927,345)
Total net position - January 1,		27,758,517
Total net position - December 31,		\$ 26,391,310

General revenues		\$
Real property taxes		4,597,514
Real property tax items		199,638
Non property tax items		3,108,534
Departmental income		236,197
Intergovernmental charges		3,164
Use of money and property		4,049
Licenses and permits		53,695
Fines and forfeitures		61,792
Sale of property and compensation for losses		29,032
Miscellaneous local sources		20,261
State aid not restricted to specific programs		76,533
Total General Revenues		8,390,409
Change in net assets		(5,177,215)
Total net position - January 1, as restated		32,935,732
Total net position - December 31, as restated		\$ 27,758,517

See notes to financial statements.

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

For The Years Ended December 31, 2014 and 2013

	2014				2013			
	General	Special Aid	Capital	Total Governmental Funds	General	Special Aid	Capital	Total Governmental Funds
REVENUES								
Real property taxes	\$ 4,547,750	\$ -	\$ -	\$ 4,547,750	\$ 4,597,514	\$ -	\$ -	\$ 4,597,514
Real property tax items	244,665	-	-	244,665	228,105	-	-	228,105
Non-property tax items	3,948,908	-	-	3,948,908	3,108,534	-	-	3,108,534
Departmental income	827,791	4,352,625	-	5,180,416	812,627	4,074,370	-	4,886,997
Intergovernmental charges	132,026	3,906	3,000	138,932	125,743	3,164	-	128,907
Use of money and property	100,356	374	-	100,730	80,448	1,837	-	82,285
Licences and permits	50,118	-	-	50,118	53,695	-	-	53,695
Fines and forfeitures	97,507	-	-	97,507	61,792	-	-	61,792
Sale of property and compensation for losses	17,509	1,403	-	18,912	17,692	22,873	-	40,565
Miscellaneous local sources	572	308,785	8,498	317,855	20,261	323,064	16,626	359,951
State aid	2,137,292	17,579	568,035	2,722,906	2,120,159	80,526	429,592	2,630,277
Federal Program Income	-	12,830	-	12,830	-	459,406	-	459,406
Federal aid	103,843	344,031	136,119	583,993	222,590	64,069	63,156	349,815
Total Revenues	12,208,337	5,041,533	715,652	17,965,522	11,449,160	5,029,309	509,374	16,987,843
EXPENDITURES								
General government support	1,517,162	221,442	55,466	1,794,070	1,501,038	197,470	-	1,698,508
Public safety and health	6,568,362	-	355,186	6,923,548	6,425,812	-	655,474	7,081,286
Transportation	2,050,420	-	2,392,119	4,442,539	1,979,871	-	244,201	2,224,072
Economic assistance and opportunity	24,900	-	-	24,900	25,854	-	-	25,854
Culture and recreation	650,263	1,018,751	61,915	1,730,929	630,040	1,013,833	177,297	1,821,170
Home and community services	517,135	3,987,736	77,734	4,582,605	525,186	4,602,034	3,322	5,130,542
Employee benefits	15,000	-	-	15,000	13,000	-	-	13,000
Debt service: principal	137,381	231,119	-	368,500	116,409	178,591	-	295,000
Debt service: interest	119,843	55,484	-	175,327	123,979	57,964	-	181,943
Total Expenditures	11,600,466	5,514,532	2,942,420	20,057,418	11,341,189	6,049,892	1,080,294	18,471,375
Excess (Deficiency) of Revenues Over Expenditures	607,871	(472,999)	(2,226,768)	(2,091,896)	107,971	(1,020,583)	(570,920)	(1,483,532)
OTHER FINANCING SOURCES AND USES								
Proceeds from Obligations	-	-	63,500	63,500	-	-	-	-
Operating transfers in	107,492	965,239	22,828	1,095,559	110,244	936,313	315,709	1,362,266
Operating transfers (out)	(795,633)	(299,926)	-	(1,095,559)	(1,052,022)	(295,399)	(14,845)	(1,362,266)
Total Other Sources (Uses)	(688,141)	665,313	86,328	63,500	(941,778)	640,914	300,864	-
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	(80,270)	192,314	(2,140,440)	(2,028,396)	(833,807)	(379,669)	(270,056)	(1,483,532)
Prior Period Adjustment (Note 6)	105,719	(43,064)	(990,000)	(927,345)	3,670,318	3,417,752	207,238	7,295,308
Fund Balance - Beginning of Year	2,836,511	3,038,083	(62,818)	5,811,776	\$ 2,836,511	\$ 3,038,083	\$ (62,818)	\$ 7,295,308
Fund Balance - End of Year	\$ 2,861,960	\$ 3,187,333	\$ (3,193,258)	\$ 2,856,035	\$ 2,836,511	\$ 3,038,083	\$ (62,818)	\$ 5,811,776

See notes to financial statements.

City of Ogdensburg, New York
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2014

	<u>Total Governmental Funds</u>	<u>Long-term Assets, Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
ASSETS				
Cash				
Unrestricted	\$ 5,804,108	\$ -	\$ -	\$ 5,804,108
Restricted	857,700	-	-	857,700
Receivables				
Due from other funds	4,119,236	-	(4,118,415)	821
Accounts receivable	4,560,725	-	-	4,560,725
State and federal receivables	7,542,858	-	-	7,542,858
Due from other governments	548,045	-	-	548,045
Taxes receivable	2,903,912	-	-	2,903,912
Prepaid expenses	5,267	-	-	5,267
Investments	53,847	-	-	53,847
Land, buildings and equipment (net)	-	37,372,198	-	37,372,198
	<u>26,395,698</u>	<u>37,372,198</u>	<u>(4,118,415)</u>	<u>59,649,481</u>
Total Assets				
LIABILITIES				
Payables				
Cash Overdraft	1,039,771	-	-	1,039,771
Accounts payable	624,865	-	-	624,865
Accrued Liabilities	990,000	-	-	990,000
Accrued interest payable	32,996	-	-	32,996
Due to other funds	4,118,415	-	(4,118,415)	-
Deferred revenue	10,346,888	-	-	10,346,888
Serial bonds payable	-	3,900,000	-	3,900,000
Tax anticipation note payable	1,800,000	-	-	1,800,000
Bond anticipation note payable	3,120,500	-	-	3,120,500
Due to other governments	1,466,228	-	-	1,466,228
Post employment benefits other than pensions	-	4,884,251	-	4,884,251
Judgements and claims payable	-	4,169,908	-	4,169,908
Compensated absences	-	882,764	-	882,764
	<u>23,539,663</u>	<u>13,836,923</u>	<u>(4,118,415)</u>	<u>33,258,171</u>
Total Liabilities				
FUND BALANCE/NET ASSETS				
Total Fund Balance/Net Assets	<u>2,856,035</u>	<u>23,535,275</u>	<u>-</u>	<u>26,391,310</u>
	<u>\$ 26,395,698</u>	<u>\$ 37,372,198</u>	<u>\$ (4,118,415)</u>	<u>\$ 59,649,481</u>

Total Governmental Fund Balance	\$ 2,856,035
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	37,372,198
GASB 45 valuation of postemployment benefits other than pensions are not due and payable in the current period and therefore are not reported in the funds.	(4,884,251)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,952,672)</u>
Net Position of Governmental Activities	<u>\$ 26,391,310</u>

See notes to financial statements.

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, 2014

	Total Governmental Funds	Long-term Revenues, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
Revenues					
Real property taxes	\$ 4,547,750	\$ -	\$ -	\$ -	\$ 4,547,750
Real property tax items	244,665	-	-	-	244,665
Non-property tax items	3,948,908	-	-	-	3,948,908
Departmental income	5,180,416	-	-	-	5,180,416
Intergovernmental charges	138,932	-	-	-	138,932
Use of money and property	100,730	-	-	-	100,730
Licenses and permits	50,118	-	-	-	50,118
Fines and forfeitures	97,507	-	(2,380)	-	95,127
Sale of property and compensation for losses	18,912	-	(2,800)	-	16,112
Miscellaneous local sources	317,855	-	-	-	317,855
State aid	2,722,906	-	-	-	2,722,906
Federal Program Income	12,830	-	-	-	12,830
Federal aid	583,993	-	-	-	583,993
Total Revenues	<u>17,965,522</u>	<u>-</u>	<u>(5,180)</u>	<u>-</u>	<u>17,960,342</u>
Expenditures/Expenses					
General government support	1,794,070	63,145	(65,466)	-	1,791,749
Public safety and health	6,923,548	151,284	(482,607)	-	6,592,225
Transportation	4,442,539	499,521	(2,531,325)	-	2,410,735
Economic assistance and opportunity	24,900	-	-	-	24,900
Culture and recreation	1,730,929	363,366	(61,915)	-	2,032,380
Home and community service	4,582,605	514,335	(497,690)	-	4,599,250
Employee benefits	15,000	-	-	573,531	588,531
Debt service					
Principal	368,500	-	-	(368,500)	-
Interest	175,327	-	-	-	175,327
Compensated absences	-	-	-	33,848	33,848
Judgements and claims payable	-	-	-	149,841	149,841
Loss(Gain) on Disposal/Sale of Fixed Assets	-	-	1,418	-	1,418
Total Expenditures	<u>20,057,418</u>	<u>1,591,651</u>	<u>(3,637,585)</u>	<u>388,720</u>	<u>18,400,204</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(2,091,896)</u>	<u>(1,591,651)</u>	<u>3,632,405</u>	<u>(388,720)</u>	<u>(439,862)</u>
Other Sources and Uses					
Proceeds from Obligations	63,500	-	-	(63,500)	-
Operating transfers in	1,095,559	-	-	-	1,095,559
Operating transfers (out)	(1,095,559)	-	-	-	(1,095,559)
Total Other Sources (Uses)	<u>63,500</u>	<u>-</u>	<u>-</u>	<u>(63,500)</u>	<u>-</u>
Net Change For The Year	<u>\$ (2,028,396)</u>	<u>\$ (1,591,651)</u>	<u>\$ 3,632,405</u>	<u>\$ (452,220)</u>	<u>\$ (439,862)</u>
Net Change in Fund Balances					\$ (2,028,396)
Depreciation expense recorded in the Statement of Activities, but not in the Governmental Funds					(1,591,651)
Expenditures for acquisition (disposition) of capital assets recorded in the Governmental funds, but not in the Statement of Activities					3,632,405
Repayment of bond principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					305,000
Expenditure for GASB 45 valuation of postemployment benefits other than pensions recorded in the Statement of Activities, but not in the Governmental Funds					(573,531)
Compensated absences and Judgements and claims payable measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					(183,689)
Change in Net Position of Governmental Activities					<u><u>\$ (439,862)</u></u>

See notes to financial statements.

**City of Ogdensburg, New York
 Statements of Fiduciary Net Assets
 Agency Fund
 December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Assets		
Cash - unrestricted	\$ 28,761	\$ 27,637
Due from other funds	-	-
Investments	<u>3,796,820</u>	<u>3,377,734</u>
Total Assets	<u><u>3,825,581</u></u>	<u><u>3,405,371</u></u>
Liabilities		
Agency liabilities	27,674	26,600
Due to other funds	821	821
Deferred compensation	<u>3,797,086</u>	<u>3,377,950</u>
Total Liabilities	<u><u>\$3,825,581</u></u>	<u><u>\$ 3,405,371</u></u>

City of Ogdensburg, New York
Statements of Changes in Fiduciary Assets and Liabilities
Agency Fund
December 31, 2014 and 2013

	2014			2013			
	Balance January 1, 2014	Increases	Decreases	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Assets							
Cash - unrestricted	\$ 27,637	\$ 3,153,929	\$ 3,152,805	\$ 12,240	\$ 3,132,274	\$ 3,116,877	\$ 27,637
Investments	3,377,734	419,086	-	2,817,423	560,311	-	3,377,734
Total Assets	3,405,371	3,573,015	3,152,805	2,829,663	3,692,585	3,116,877	3,405,371
Liabilities							
Agency liabilities	26,600	1,352,474	1,351,400	10,806	1,237,277	1,221,483	26,600
Due to other funds	821	2,404	2,404	1,238	821	1,238	821
Deferred compensation	3,377,950	644,646	225,510	2,817,619	784,126	223,795	3,377,950
Total Liabilities	\$ 3,405,371	\$ 1,999,524	\$ 1,579,314	\$ 2,829,663	\$ 2,022,224	\$ 1,446,516	\$ 3,405,371

See notes to financial statements.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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, 39, and 61 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, 2014 and 2013

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 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 Position 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, 2014 and 2013

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, 2014 and 2013

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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, 2014, real property tax receivables were \$2,903,912. 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 Position 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

L. 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.

M. 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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.

N. 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.

O. 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

P. Inventories

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

Q. 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.

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. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2015 through September 30, 2015 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.

T. Deferred Outflows / Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resource is a consumption of Net assets that applies to future period(s), and as such, will not be recognized as an outflow of resource (expense / expenditure) until that time. A deferred inflow of resource is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resource (revenue) until that time.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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 position" 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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 Position.

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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

Total financial institution (bank) balances at December 31, 2014, per the banks were \$4,299,939. These deposits are categorized as follows:

1	2	3	Carrying Value
<u>\$ 1,000,000</u>	<u>\$ 3,299,939</u>	<u>\$ -</u>	<u>\$ 4,299,939</u>

2. Unrestricted Cash - At December 31, 2014, unrestricted cash consisted of the following:

	<u>Checking Accounts</u>	<u>Interest Accounts</u>	<u>Petty Cash</u>	<u>Total</u>
General	\$ (1,039,771)	\$ 2,255,863	\$ 875	\$ 1,216,967
Special Revenue:				
Community Deveopment	-	371,547	-	371,547
Library/Remington	73,422	-	100	73,522
Sewer	617,477	-	-	617,477
Water	658,026	-	-	658,026
Insurance	147,862	110,078	-	257,940
Capital	-	1,568,858	-	1,568,858
Total	<u>\$ 457,016</u>	<u>\$ 4,306,346</u>	<u>\$ 975</u>	<u>\$ 4,764,337</u>

3. Restricted Cash - Restricted cash of \$33,291 in the Special Revenue (Insurance) Fund held for future unemployment insurance claims and \$161,819 in the Community Development Fund held for community development projects. The General Fund has restricted cash of \$662,590 held for various reserves described in NOTE 3 section d – fund equity. Total restricted cash is \$857,700.

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, 2014, the City's share, \$53,847, 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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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

<u>Fund</u>	<u>Amount</u>	
General Fund	\$ 52,023	Investment Pool
Special Revenue – Risk Retention	<u>1,824</u>	Investment Pool
	<u>\$ 53,847</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, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Additions/ Reclassification</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Construction in progress	\$ 4,712,941	\$ 2,942,420	\$ -	\$ 7,655,361
Land	6,776,899	-	-	6,776,899
Total nondepreciable historical cost	11,489,840	2,942,420	-	14,432,260
Capital assets that are depreciated:				
Buildings, improvements, infrastructure	51,494,387	154,409	-	51,648,796
Machinery, equipment, vehicles	23,260,035	542,175	965,039	22,837,171
Total depreciable historical cost	74,754,422	696,584	965,039	74,485,967
Less accumulated depreciation:				
Buildings, improvements, infrastructure	32,408,347	1,018,217		33,426,564
Machinery, equipment, vehicles	18,504,471	573,434	958,440	18,119,465
Total accumulated depreciation	50,912,818	1,591,651	958,440	51,546,029
Total depreciable historical cost, net	23,841,604	(895,067)	6,599	22,939,938
Total historical cost, net	<u>\$ 35,331,444</u>	<u>\$ 2,047,353</u>	<u>\$ 6,599</u>	<u>\$37,372,198</u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

Depreciation expense was charged to governmental functions as follows:

<u>Function/Program</u>	
General Governmental Support	\$ 63,145
Public Safety	151,284
Transportation	499,521
Culture and Recreation	363,366
Home and Community	<u>514,335</u>
 Total Depreciation	 <u><u>\$ 1,591,651</u></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.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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
2014	\$747,013	\$611,130
2013	\$661,257	\$540,808
2012	\$617,325	\$503,140

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, 2014 was \$ -0-.

2. Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the year ended December 31, 2014 amounted to \$573,531. At December 31, 2014, the postemployment benefit liability for retired employees amounted to \$4,884,251.

The number of participants as of December 31, 2014 was as follows:

Active employees	121
Retired employees	101
Spouses of retired employees	<u>34</u>
Total	<u><u>256</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, 2014, the annual OPEB cost amounted to \$1,408,759.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

Benefit Obligations and Normal Cost

Actuarial accrued liability (AAL)	<u>\$ 26,420,671</u>
Underfunded actuarial accrued (UAAL)	<u>\$ 26,420,671</u>
Normal cost for fiscal year	336,241
Amortization of unfunded UAAL	<u>1,078,654</u>
Annual required contribution	<u>\$ 1,414,895</u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution (ARC)	\$ 1,414,895
Interest on net OPEB obligation	172,429
Adjustment to annual required	<u>(178,565)</u>
Annual OPEB cost (expense)	1,408,759
Contribution made on a pay-as-you-go basis	<u>(835,228)</u>
Increase in net OPEB obligation	573,531
Net OPEB obligation at beginning of year	<u>4,310,720</u>
Net OPEB obligation at end of year	<u>\$ 4,884,251</u>
Actuarial methods and assumptions:	
Discount Rate	4.00%
Initial Medical Rate	7.80%
Ultimate Medical Rate	4.20%

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

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, 2014.

<u>Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount Outstanding</u>
Capital Fund	1/27/12	\$ 300,000	1/23/15	3.00%	\$ 90,500
Capital Fund	5/01/14	\$3,030,000	5/01/15	1.25%	\$3,030,000
Total					<u>\$3,120,500</u>

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

<u>Description</u>	<u>Balance at 12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/14</u>
Capital Fund	\$134,000	-0-	\$ 43,500	\$ 90,500
Capital Fund	\$550,000	-0-	\$550,000	\$ -0-
Capital Fund	\$ -0-	\$3,030,000	\$ -0-	<u>\$3,030,000</u>
Total				<u>\$3,120,500</u>

Tax Anticipation Notes - General Fund - a tax anticipation note, with an interest rate of 1.25%, was issued on July 31, 2014 for \$1,800,000 and matures on July 31, 2015. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2014 year.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

4. Due to Other Governments

At December 31, 2014, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	417,756
Due to St. Lawrence County	<u>1,048,472</u>
	<u>\$ 1,466,228</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, 2014:

Serial Bonds - Non Current Portion	\$ 3,585,000
Compensated Absences	882,764
Judgements and Claims	4,169,908
OPEB	<u>4,884,251</u>
 Total Long-Term Liabilities	 <u>\$ 13,521,923</u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

d. The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2014

	Serial <u>Bonds</u>	Compensated <u>Absences</u>	Judgements <u>and Claims</u>	<u>OPEB</u>
Payable at 1/1/14	\$ 4,205,000	\$ 848,916	\$ 4,020,067	\$ 4,310,720
Additions	-	33,848	149,841	573,531
Deletions	(305,000)	-	-	-
Payable at 12/31/14	<u>\$ 3,900,000</u>	<u>\$ 882,764</u>	<u>\$ 4,169,908</u>	<u>\$ 4,884,251</u>

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>	Original <u>Amount</u>	Interest <u>Rate</u>	Final <u>Maturity</u>	Outstanding <u>12/31/2014</u>
Elizabeth St. Reconstruction	2012	1,292,905	2.0% (VAR)	2023	\$1,060,647
Caroline St. - Sewer	2012	42,160	2.0% (VAR)	2023	34,586
Sewage Treatment Plant	2012	579,699	2.0% (VAR)	2023	475,562
Water Tower Painting	2012	221,339	2.0% (VAR)	2023	181,577
Mansion Avenue Transmission	2012	158,097	2.0% (VAR)	2023	129,696
New Park Recreation Area	2012	210,800	2.0% (VAR)	2023	172,932
Public Improvements	2007	2,490,000	4.3% (VAR)	2027	1,845,000
Sub-Total					<u>3,900,000</u>
Current Portion of Long-Term Debt					(315,000)
Noncurrent Portion of Long-Term Debt					<u>\$3,585,000</u>

f. The following tables summarize the City's future debt service requirements as of December 31, 2014:

<u>Year End Date</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 315,000	\$ 133,420
2016	325,000	124,456
2017	329,999	114,907
2018	345,000	104,707
2019	360,000	92,903
2020-2024	1,705,001	274,152
2025-2028	520,000	46,830
	<u>\$ 3,900,000</u>	<u>\$ 891,375</u>

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

g. Debt Limits

At December 31, 2014, the total outstanding indebtedness of the City aggregated \$3,900,000. Of this amount, \$3,588,727 was subject to the constitutional debt limit and represented approximately 18.78% of its statutory debt limit.

C. **Interfund Receivables and Payables**

Interfund Receivables and Payables at December 31, 2014 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,900,978	\$ 1,079,549
Capital Projects	901,558	1,476,438
Trust and Agency	-	821
 <u>Special Revenue</u>		
Special Grant	-	90,119
Insurance	11,183	-
Water	571,825	521,889
Sewer	449,398	489,708
Library/Remington	284,294	460,712
	<hr/>	<hr/>
Total	<u>\$ 4,119,236</u>	<u>\$ 4,119,236</u>

D. **Fund Equity**

For flow assumption policy regarding use of fund balance types, refer to NOTE I– O above.

Restricted for:

Unemployment Insurance	\$ 33,291	(Insurance Fund)
Community Development Projects	161,819	(CD Fund)
Miscellaneous	105,073	(General)
Asset Forfeiture	17,523	(General)
LWRP	24,362	(General)
Capital Interest	455,216	(General)
Taxes	<u>60,416</u>	(General)

Total Restricted Fund Balance \$857,700

City of Ogdensburg, New York
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Unassigned:	
General	\$1,786,878
Community Development	280,941
Insurance Reserve	270,947
Water	1,156,755
Sewer	1,235,327
Library / Remington	48,253
Capital	<u>(2,203,258)</u>
 Total Unassigned Fund Balance	 <u>\$2,575,843</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 \$33,291 at December 31, 2014.

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, 2014, the market value of the assets of the plan totaled \$3,3796,820. 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 in any fiscal year not to exceed 2% of the average full valuation of taxable real estate within such City. At December 31, 2014, the City had exhausted 70.80% of its constitutional tax limit.

City of Ogdensburg, New York
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

NOTE 5 - Leases

Operating Leases

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2014 was \$15,993. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31:

2015	\$ 16,506
2016	\$ 11,995
2017	\$ 8,379
2018	\$ 2,688

NOTE 6 - Prior Period Adjustments

In 2014 adjustments were entered to adjust prior periods as follows:

General Fund - To adjust amount owed to school and county as of 12/31/13	\$ 5,719
General Fund - Record amount paid by AG-Engery that was previously written off	100,000
Capital Fund - Record Growth Fund Liability	(990,000)
Community Development - Growth Fund Money Adjustment	<u>(43,064)</u>
	<u><u>\$ (927,345)</u></u>

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, 2014 and 2013**

B. Other Claims

The City is currently named as a defendant in a court action. Any possible liability, as advised by counsel, is too early in the process to properly estimate or form an opinion upon, and has not been included in the current financial statements.

NOTE 8 – Net Position – Restatement

The City of Ogdensburg, New York is restating its 2013 financial statements to reflect its share of the Worker’s Compensation liability, administered by St. Lawrence County, as long-term debt in accordance with the accrual basis of accounting as referenced in NOTE A. A reconciliation of the adjustment to the financial statements is as follows:

	<u>12/31/14</u>	<u>12/31/13</u>
Net Position at the Beginning of the year as previously reported	\$31,778,584	\$35,694,811
Adjustment for:		
Judgements and Claims Payable	<u>4,020,067</u>	<u>2,759,079</u>
Net Position at the Beginning of the year as restated	<u>\$27,758,517</u>	<u>\$32,935,732</u>

As a result of the above transactions, the long-term liabilities of the City of Ogdensburg, New York as of December 31, 2013 were increased by \$4,020,067, which decreased the Net Position by the same amount. In addition, the 2013 expenditures were increased by \$1,260,988 to represent the increase in the liability balance during the year.

City of Ogdensburg, New York
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
December 31, 2014

Required
Supplementary
Information

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
Revenues				
Real property taxes	\$ 4,557,222	\$ 4,487,222	\$ 4,547,750	\$ 60,528
Real property tax items	277,700	277,700	244,665	(33,035)
Non property tax items	3,561,216	3,561,216	3,948,908	387,692
Departmental income	414,600	409,100	827,791	418,691
Intergovernmental charges	38,000	38,000	132,026	94,026
Use of money and property	83,520	83,520	100,356	16,836
Licenses and permits	43,200	43,200	50,118	6,918
Fines and forfeitures	57,000	64,500	97,507	33,007
Sale of property and compensation for loss	18,000	18,000	17,509	(491)
Miscellaneous local sources	4,000	2,000	572	(1,428)
State aid	2,103,355	2,103,355	2,137,292	33,937
Federal aid	30,719	30,719	103,843	73,124
Total Revenues	<u>11,188,532</u>	<u>11,118,532</u>	<u>12,208,337</u>	<u>1,089,805</u>
Other financing sources				
Transfers from other funds	546,979	546,979	107,492	(439,487)
Appropriated reserve	50,000	50,000	-	(50,000)
Appropriated fund balance	371,400	371,400	-	(371,400)
Total Other Financing Sources	<u>968,379</u>	<u>968,379</u>	<u>107,492</u>	<u>(860,887)</u>
Total Revenues and Other Financing Sources	<u>12,156,911</u>	<u>12,086,911</u>	<u>12,315,829</u>	<u>228,918</u>
Expenditures				
General government support	1,547,437	1,591,583	1,517,162	74,421
Public safety	6,716,823	6,716,823	6,568,362	148,461
Transportation	2,067,359	1,799,584	2,050,420	(250,836)
Economic assistance and opportunity	27,100	27,100	24,900	2,200
Culture and recreation	624,003	624,003	650,263	(26,260)
Home and community services	-	257,629	517,135	(259,506)
Employee benefits	15,000	15,000	15,000	-
Contingency	104,000	-	-	-
Debt service	259,950	259,950	257,224	2,726
Total Expenditures	<u>11,361,672</u>	<u>11,291,672</u>	<u>11,600,466</u>	<u>(308,794)</u>
Other financing uses				
Transfers to other funds	795,239	795,239	795,633	(394)
Total Other Financing Uses	<u>795,239</u>	<u>795,239</u>	<u>795,633</u>	<u>(394)</u>
Total Expenditures and Other Financing (Uses)	<u>12,156,911</u>	<u>12,086,911</u>	<u>12,396,099</u>	<u>(309,188)</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	-	-	(80,270)	(80,270)
Prior Period Adjustments	-	-	105,719	105,719
Fund Balance - Beginning	-	-	2,836,511	2,836,511
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,861,960</u>	<u>\$ 2,861,960</u>

See paragraph on supplemental schedules included in auditor's report.

City of Ogdensburg, New York
Combining Balance Sheet - Special Revenue Funds
December 31, 2014

Supplementary
Information

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals</u>
Assets						
Cash - Unrestricted	\$ 371,547	\$ 257,940	\$ 658,026	\$ 617,477	\$ 73,522	\$ 1,978,512
Cash - Restricted	161,819	33,291	-	-	-	195,110
Loans Receivable (Net)	2,958,562	-	-	-	-	2,958,562
Other Receivables	13,844	-	7,914	-	152,001	173,759
Water Rent Receivable	-	-	509,722	-	-	509,722
Sewer Rent Receivable	-	-	-	742,970	-	742,970
State and Federal Aid Receivable	313,395	-	-	-	-	313,395
Investments	-	1,824	-	-	-	1,824
Due from Other Funds	-	11,183	571,825	449,398	284,294	1,316,700
Total Assets	<u>3,819,167</u>	<u>304,238</u>	<u>1,747,487</u>	<u>1,809,845</u>	<u>509,817</u>	<u>8,190,554</u>
Liabilities						
Accounts Payable	14,331	-	68,843	83,706	852	167,732
Due to Other Funds	90,119	-	521,889	489,708	460,712	1,562,428
Deferred Revenue	3,271,957	-	-	1,104	-	3,273,061
Total Liabilities	<u>3,376,407</u>	<u>-</u>	<u>590,732</u>	<u>574,518</u>	<u>461,564</u>	<u>5,003,221</u>
Fund Balance						
Restricted	161,819	33,291	-	-	-	195,110
Unassigned	280,941	270,947	1,156,755	1,235,327	48,253	2,992,223
Total Fund Balance	<u>442,760</u>	<u>304,238</u>	<u>1,156,755</u>	<u>1,235,327</u>	<u>48,253</u>	<u>3,187,333</u>
Total Liabilities and Fund Balance	<u>\$ 3,819,167</u>	<u>\$ 304,238</u>	<u>\$ 1,747,487</u>	<u>\$ 1,809,845</u>	<u>\$ 509,817</u>	<u>\$ 8,190,554</u>

See paragraph on supplemental schedules included in 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, 2014

Supplementary
Information

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals</u>
Revenues						
Department income	\$ -	\$ -	\$ 1,817,011	\$ 2,528,381	\$ 7,233	\$ 4,352,625
Intergovernmental charges	-	-	-	-	3,906	3,906
Use of money and property	121	29	127	97	-	374
Sale of property and compensation for loss	-	1,403	-	-	-	1,403
Miscellaneous local sources	-	-	-	-	308,785	308,785
State aid	17,579	-	-	-	-	17,579
Federal Program Income	12,830	-	-	-	-	12,830
Federal aid	344,031	-	-	-	-	344,031
Total Revenues	<u>374,561</u>	<u>1,432</u>	<u>1,817,138</u>	<u>2,528,478</u>	<u>319,924</u>	<u>5,041,533</u>
Expenditures						
General governmental support	-	221,442	-	-	-	221,442
Culture and recreation	-	-	-	-	1,018,751	1,018,751
Home and community services	364,583	-	1,666,015	1,957,138	-	3,987,736
Debt service: principal	-	-	30,295	196,374	4,450	231,119
Debt service: interest	-	-	8,563	45,384	1,537	55,484
Total Expenditures	<u>364,583</u>	<u>221,442</u>	<u>1,704,873</u>	<u>2,198,896</u>	<u>1,024,738</u>	<u>5,514,532</u>
Excess (Deficit) Revenues Over Expenditures	<u>9,978</u>	<u>(220,010)</u>	<u>112,265</u>	<u>329,582</u>	<u>(704,814)</u>	<u>(472,999)</u>
Other financing sources (uses)						
Interfund transfers from	-	255,000	-	-	710,239	965,239
Interfund transfers to	(107,492)	-	(107,434)	(85,000)	-	(299,926)
Total Other Financing Sources (Uses)	<u>(107,492)</u>	<u>255,000</u>	<u>(107,434)</u>	<u>(85,000)</u>	<u>710,239</u>	<u>665,313</u>
Excess (Deficit) of Revenues Over Expenditures and Other Financing Sources (Uses)	(97,514)	34,990	4,831	244,582	5,425	192,314
Prior Period Adjustments	(43,064)	-	-	-	-	(43,064)
Fund Balance - Beginning	<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>
Fund Balance - Ending	<u>\$ 442,760</u>	<u>\$ 304,238</u>	<u>\$ 1,156,755</u>	<u>\$ 1,235,327</u>	<u>\$ 48,253</u>	<u>\$ 3,187,333</u>

See paragraph on supplemental schedules included in auditor's report.

City of Ogdensburg, New York
Schedule of Project Expenditures - Capital Projects Fund
December 31, 2014

Expenditures & Obligations to Date

<u>Project Name</u>	<u>Code</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Available Balance</u>
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)
Soldiers' & Sailors Mont. Rest. Project	H898901	47,000	47,000	34,276	-	34,276	12,724
Shade Roller Building Demo.	H866602	700,000	1,000,000	1,047,355	66,465	1,113,820	(113,820)
Transient Docking	H718205	100,000	100,000	13,847	-	13,847	86,153
LWRP Revision	H802001	70,000	55,000	49,094	-	49,094	5,906
Paterson Street Reconstruction	H511001	905,000	7,516,145	885,163	2,356,606	3,241,769	4,274,376
Lake Street Bridge Replacement	H512001	2,500,000	2,500,000	2,461,639	35,513	2,497,152	2,848
Brownfield Opportunity Area	H809002	355,500	355,500	337,327	10,196	347,523	7,977
Brownfield AWP Grant for BOA	H809003	145,000	145,000	139,892	-	139,892	5,108
Beaver Brook Storm Sewer Improvements	H812003	300,000	174,000	173,080	-	173,080	920
Solar Photovoltaic Installation	H8410	307,089	307,089	307,089	-	307,089	-
BF Assessment Grant - Hazardous	H809004	200,000	200,000	8,896	36,768	45,664	154,336
BF Assessment Grant - Petroleum	H809005	120,000	120,000	7,066	78,707	85,773	34,227
Capital Improvements 2013	H9500	550,000	550,000	285,632	224,716	510,348	39,652
City Hall Window Replacement	H162102	50,000	50,000	50,394	-	50,394	(394)
Linden Street Water Loop 2014	H834202	85,300	85,300	-	77,734	77,734	7,566
Oswegatchie River Blueway Trail	H7145	60,000	60,000	-	250	250	59,750
GIS Archive 2014	H1989	94,410	94,410	-	55,466	55,466	38,944
Totals		\$ 9,115,100	\$ 21,955,872	\$ 14,442,308	\$ 2,942,421	\$ 17,384,729	\$ 4,571,143

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



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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, 2014, 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 30, 2015.

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.


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

Ogdensburg, New York
September 30, 2015



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**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, 2014. 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, 2014.

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.


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

Ogdensburg, New York
September 30, 2015

**City of Ogdensburg, New York
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014**

<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	-	344,032
U.S. Department of Homeland Security (Passed Through the NYS Comptroller's Office): Operation Stonegarden	97.067	-	<u>103,843</u>
<i>Total Passed Through Awards</i>			<u>447,875</u>
<i>Direct Awards</i>			
U.S. Department of Environmental Protection Agency: Brownfields	66.818	-	153,698
U. S. Department of Transportation: Federal-Aid Highway and Marchiselli-Aid Project Agreement	20.205	-	<u>434,383</u>
<i>Total Direct Awards</i>			<u>588,081</u>
Total Federal Awards Expended			<u>\$ 1,035,956</u>

City of Ogdensburg, New York
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

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, 2014**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified 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 auditor's 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 HUD: Community Development Block Grant (CDBG) – Neighborhood Stabilization Program. CFDA # 14.228.
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 low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE



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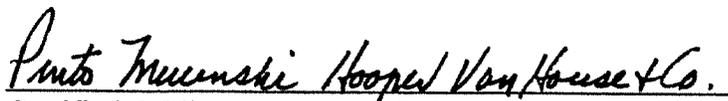
AUDITOR'S REPORT ON STATUS OF PRIOR AUDIT FINDINGS

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, 2014, and have issued our report thereon dated September 30, 2015. 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,


Certified Public Accountants, P.C.

Ogdensburg, New York
September 30, 2015



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September 30, 2015

To the Mayor and members of City Council
City of Ogdensburg

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, 2014, and have issued our report thereon dated September 30, 2015. 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 June 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

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, 2014. 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.

The financial statement disclosures are neutral consistent, and clear.

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 clearly 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's 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 30, 2015.

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 City'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 City'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.

We were engaged to report on the supplementary information on pages 46 to 48, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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, the Councilors, and management of the City of Ogdensburg, New York and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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