

**CITY OF OGDENSBURG**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2016**

**CITY OF OGDENSBURG, NEW YORK**

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## INDEPENDENT AUDITOR'S REPORT

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 (the City), as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, budgetary comparison information on page 50, schedule of contributions on page 51 and schedule of proportionate share of the net pension liability on page 52 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 combining nonmajor fund financial statements 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has 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 29, 2017, 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.

 P. Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

September 29, 2017

The City of Ogdensburg (the City) offers this discussion and analysis for the fiscal year ending December 31, 2016. Please read along with the City's financial statements which include the notes to the financial statements.

## **1. FINANCIAL HIGHLIGHTS**

Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$ 29,333,747.

For the year, total revenues for the City were \$ 18,890,257, while total expenses were \$ 21,305,577. The net of the revenues and expenses leaves the City with a net decrease of \$ 2,415,320.

At the end of the year, total unassigned fund balance for the General Fund was \$ 108,842 down from \$ 379,780 in the prior year. The unassigned fund balance at the end of 2016 represents 0.8% 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 \$ 3,678,757 up from \$ 3,585,000 at the end of 2015.

## **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. The Statement of Net Position and the Statement of Activities provides information about the activities of the City as a whole and presents a longer-term view of the City's finances.

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 government-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 and fire protection), street construction and maintenance, economic development, water and 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 Fund** – 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 a useful indicator of a government’s financial position over time. For the year ending December 31, 2016, the City of Ogdensburg’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 29,333,747.

The majority of the City’s net position is in capital assets (e.g. land, buildings, infrastructure, 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 POSITION

	<u>Governmental Activities 2016</u>
Current Assets	\$ 10,404,436
Noncurrent Assets	<u>40,435,495</u>
Total Assets	50,839,931
Deferred Outflows of Resources	<u>6,799,314</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 57,639,245</u>
Current Liabilities	\$ 7,779,479
Noncurrent Liabilities	<u>19,715,622</u>
Total Liabilities	<u>27,495,101</u>
Deferred Inflows of Resources	<u>810,397</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	36,756,738
Restricted	662,115
Unrestricted (Deficit)	<u>(8,085,106)</u>
Total Net Position	<u>29,333,747</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 57,639,245</u>

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. At December 31, 2016, the City had a deficit balance of \$ 8,085,106.

Total net position of the City’s governmental activities for the year ending December 31, 2016 was \$ 29,333,747.

The change in net position during the most recent fiscal year is reported in the Statement of Activities found on Page 13. Key elements of this change are illustrated in the following table:

**CITY OF OGDENSBURG  
CHANGE IN NET POSITION**

	<u>Governmental Activities 2016</u>
<b>Revenues</b>	
Program Revenues	
Charges for Services	\$ 5,253,533
Operating Grants and Contributions	2,742,397
Capital Grants and Contributions	1,884,694
General Revenues	
Property Taxes	4,629,724
Sales and Other Taxes	3,904,024
Government Aid	58,366
Other	<u>417,519</u>
 Total Revenues	 <u>18,890,257</u>
<b>Expenses</b>	
General Government	2,210,348
Public Safety	8,888,990
Transportation	2,628,633
Economic Assistance and Opportunity	16,975
Culture and Recreation	2,347,137
Home and Community	4,531,479
Debt Service	183,664
Compensated Absences	(18,711)
Judgment and Claims	<u>517,062</u>
 Total Expense	 <u>21,305,577</u>
 Increase (Decrease) in Net Position	 (2,415,320)
Net Position - Beginning	<u>31,749,067</u>
Net Position - Ending	<u>\$ 29,333,747</u>

The City's total revenues for the year were \$ 18,890,257 versus total expenses of \$ 21,305,577. For the year, the City's net position decreased by \$ 2,415,320 to bring total net assets of the primary government of the City to \$ 29,333,747.

**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 21% of revenues.

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

In the General Fund under public safety and health, the police department and fire department expenses for the year totaled \$ 3,792,752 (51%) and \$ 3,605,572 (49%), of the total for public safety and health, respectively.

Home and community total overall expenses for the year were \$ 4,578,493. Costs associated with operating the water fund were \$ 1,827,897 or (40%) of the total while the sewer fund costs were \$ 1,967,910 or (43%) of the total.

In 2015 our overall retirement bill was \$ 1,666,460 this is compared to \$ 1,358,143 in 2014. In 2016 we are scheduled to pay \$ 1,569,622. 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 \$ 1,521,794 for 2016.

**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 \$ 108,842 and the total fund balance was \$ 620,439. 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, 2016, unassigned fund balances represent 0.8% of total fund expenditures (including transfers out), while total fund balance was 4.7% of the same amount. The total fund balance of the City’s General Fund decreased by \$ 756,247 or 55% 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 \$ (1,356,285).
- 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 \$ 3,696,931. Components of December 31, 2016 fund balance are as follows:

Reserved	
Insurance	\$ 44,766
Community Development Reserve	<u>105,751</u>
Total Reserve Special Revenue Fund Balance	<u>\$ 150,517</u>
Unassigned	
Appropriated, Community Development	\$ 185,289
Unappropriated, all Special Revenue Funds (Excluding Community Development)	<u>3,361,125</u>
Total Unassigned Special Revenue Fund Balance	<u>3,546,414</u>
Total Special Revenue Fund Balance	<u>\$ 3,696,931</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 1 for the next fiscal year.

The budget shall provide a complete financial plan of all City funds 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 15.

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

If the City Council fails to adopt a budget by December 20, 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, 2016, amounted to \$ 40,435,495 (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 2016 included:

• Paterson Street Reconstruction	\$	367,184
• Other Fixed Asset Additions	\$	910,424
• Fixed Asset Disposals	\$	264,195
• Depreciation Expense for the Year	\$	1,414,208

A capital asset recap as of December 31, 2016 is as follows:

	<u>Governmental Activities 2016</u>
Land	\$ 6,776,899
Construction in Progress	12,552,878
Land Improvements	5,614,001
Building and Improvements	15,591,570
Infrastructure	30,664,618
Machinery and Equipment	18,538,625
Vehicles	<u>4,916,502</u>
Total	94,655,093
Less: Accumulated Depreciation	<u>54,219,597</u>
Net Capital Assets	<u>\$ 40,435,496</u>

### Long-Term Debt

A recap of long-term as of December 31, 2016 is as follows:

	<u>Governmental Activities 2016</u>	
	<u>2016</u>	<u>2015</u>
Bond Anticipation Notes	\$ 2,604,000	\$ 3,425,000
Tax Anticipation Notes	1,800,000	1,800,000
Serial Bonds Notes	3,325,000	3,585,000
Leases Payable	<u>353,757</u>	<u>-</u>
	8,082,757	8,810,000
Less Current Portion	<u>4,843,528</u>	<u>5,550,000</u>
Total Long-Term Debt	<u>\$ 3,239,229</u>	<u>\$ 3,260,000</u>

The New York State Constitution establishes a debt limit of 7% 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 60% of the total property value in the City. At December 31, 2016 the total indebtedness subject to its Constitutional Debt limit was \$ 4,362,009 or 22.86% of its limit.

Moody's Investors Service has downgraded the City's general obligation limited tax (GOLT) rating to Baa2 from Baa1. The downgrade reflects the continued decline in the City's liquidity and reserves.

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

In 2016 the City issued a Tax Anticipation Note (TAN) for \$ 1,800,000. This will be paid off in 2017.

## 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 began offering new flights in October 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 includes 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. This expansion resulted in the FAA reclassifying the Airport from a Class II Index A to a Class I Index B facility. Class I airports can accommodate aircraft for at minimum 31 passenger seating (large aircraft).

Allegiant Air will join Cape Air by providing added passenger service. Cape Air has been operating out of the Ogdensburg airport with three daily flights to Albany, NY and Boston, MA. Cape Air has also opened a downtown office to entice leisure travelers to connect to their Caribbean destinations. Allegiant Air will start offering non-stop air service to two Florida destinations; Orlando and Ft. Lauderdale. OBPA anticipates this new service will result in 40,000 passengers annually utilizing the Ogdensburg location.

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 cogeneration 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 has 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, 330 Ford Street, Ogdensburg, New York 13669.

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF NET POSTION  
DECEMBER 31, 2016**

**ASSETS**

**Current Assets**

Cash		
Cash - Unrestricted	\$ 3,335,867	
Cash - Restricted	662,115	
Receivables		
Accounts and Other Receivables (Net)	1,519,868	
Taxes Receivable (Net)	2,549,056	
Due from Other Governments	341,353	
State and Federal Receivables	388,143	
Prepaid Expenses	50,092	
Investments	<u>1,557,942</u>	
Total Current Assets	<u>10,404,436</u>	

**Noncurrent Assets**

Capital Assets (Net)		40,435,495
Total Assets		<u>50,839,931</u>

**Deferred Outflows of Resources**

Deferred Outflows - Pensions		<u>6,799,314</u>
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Total Assets and Deferred Outflows of Resources		<u><u>57,639,245</u></u>
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**Liabilities**

**Current Liabilities**

Accounts Payable		\$ 678,158
Accrued Liabilities	314,961	
Accrued Interest Payable	64,447	
Due to Other Governments	1,878,385	
Bond Anticipation Note Payable	2,604,000	
Tax Anticipation Note Payable	1,800,000	
Current Portion of Long-Term Debt	<u>439,528</u>	
Total Current Liabilities	<u>7,779,479</u>	

**Noncurrent Liabilities**

Serial Bonds Payable		2,970,000
Capital Leases Payable	269,229	
Due to Employee Retirement System	474,696	
Compensated Absences	814,043	
Judgements and Claims Payable	3,596,459	
Net Pension Liability - Proportionate Share	5,504,660	
Post Employment Benefits other than Pensions	<u>6,086,535</u>	
Total Noncurrent Liabilities	<u>19,715,622</u>	

Total Liabilities		<u>27,495,101</u>
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**Deferred Inflows of Resources**

Deferred Inflows - Pension		<u>\$ 810,397</u>
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**Net Position**

Invested in Capital Assets, Net of Related Debt		36,756,738
Restricted for Reserves	662,115	
Unrestricted (Deficit)	<u>(8,085,106)</u>	
Total Net Position	<u>29,333,747</u>	

Total Liabilities, Deferred Inflows of Resources and Net Position		<u>\$ 57,639,245</u>
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**CITY OF OGDENSBURG, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Functions/Programs</b>	<b>Expenditures</b>	<b>Program Revenues</b>		<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		
General Government Support	\$ 2,210,348	\$ 168,288	\$ 1,738,466	\$ 1,822,819	\$ 1,519,225
Public Safety and Health	8,888,990	176,148	-	61,875	(8,650,967)
Transportation	2,628,633	63,983	394,662	-	(2,169,988)
Economic Assistance and Opportunity	16,975	-	-	-	(16,975)
Culture and Recreation	2,347,137	70,000	358,617	-	(1,918,520)
Home and Community Services	4,531,479	4,775,114	250,652	-	494,287
Interest on Debt	183,664	-	-	-	(183,664)
Judgements and Claims - Current Year	517,062	-	-	-	(517,062)
Compensated Absences - Current Year	(18,711)	-	-	-	18,711
<b>Total Functions and Programs</b>	<b>\$ 21,305,577</b>	<b>\$ 5,253,533</b>	<b>\$ 2,742,397</b>	<b>\$ 1,884,694</b>	<b>\$ (11,424,953)</b>
<b>General Revenues</b>					
Real Property Taxes					\$ 4,629,724
Real Property Tax Items					166,873
Non Property Tax Items					3,737,151
Departmental Income					219,859
Intergovernmental Charges					3,922
Use of Money and Property					4,650
Licenses and Permits					47,623
Fines and Forfeitures					63,078
Gain on Disposal of Fixed Assets					47,982
Miscellaneous Local Sources					30,405
State Aid not Restricted to Specific Programs					58,366
<b>Total General Revenues</b>					<b>9,009,633</b>
<b>Change in Net Position</b>					<b>(2,415,320)</b>
Total Net Position - January 1					31,749,067
Total Net Position - December 31					<b>\$ 29,333,747</b>



**CITY OF OGDENSBURG**

**BALANCE SHEETS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash - Unrestricted	\$ 1,411,201	\$ 1,728,676	\$ 195,990	\$ 3,335,867
Cash - Restricted	511,597	150,518	-	662,115
Taxes Receivable (Net)	2,549,056	-	-	2,549,056
Other Receivables (Net)	163,295	1,352,135	4,438	1,519,868
State and Federal Receivables	-	29,319	358,824	388,143
Investments	-	53,308	1,504,634	1,557,942
Due from Other Funds	1,061,799	1,437,317	964,248	3,463,364
Due from Other Governments	<u>341,353</u>	<u>-</u>	<u>-</u>	<u>341,353</u>
 Total Assets	 <u>\$ 6,038,301</u>	 <u>\$ 4,751,273</u>	 <u>\$ 3,028,134</u>	 <u>\$ 13,817,708</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	249,378	226,837	201,943	678,158
Accrued Liabilities	224,961	-	90,000	314,961
Accrued Interest Payable	64,447	-	-	64,447
Tax Anticipation Note Payable	1,800,000	-	-	1,800,000
Bond Anticipation Note Payable	-	-	2,604,000	2,604,000
Due to Other Funds	1,200,691	774,197	1,488,476	3,463,364
Due to Other Governments	<u>1,878,385</u>	<u>-</u>	<u>-</u>	<u>1,878,385</u>
 Total Liabilities	 <u>5,417,862</u>	 <u>1,001,034</u>	 <u>4,384,419</u>	 <u>10,803,315</u>
 <b>Fund Balances</b>				
Restricted	511,597	150,518	-	662,115
Unassigned	<u>108,842</u>	<u>3,599,721</u>	<u>(1,356,285)</u>	<u>2,352,278</u>
 Total Fund Balances	 <u>620,439</u>	 <u>3,750,239</u>	 <u>(1,356,285)</u>	 <u>3,014,393</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,038,301</u>	 <u>\$ 4,751,273</u>	 <u>\$ 3,028,134</u>	 <u>\$ 13,817,708</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<u>Total Governmental Funds</u>	<u>Long-Term Assets - Liabilities</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position Totals</u>
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 3,335,867	\$ -	\$ -	\$ 3,335,867
Restricted	662,115	-	-	662,115
Receivables				
Due from Other Funds	3,463,364	-	(3,463,364)	-
Accounts Receivable	1,519,868	-	-	1,519,868
State and Federal Receivables	388,143	-	-	388,143
Due from Other Governments	341,353	-	-	341,353
Taxes Receivable	2,549,056	-	-	2,549,056
Prepaid expenses	-	50,092	-	50,092
Investments	1,557,942	-	-	1,557,942
Land, Buildings, and Equipment (Net)	-	40,435,495	-	40,435,495
	<u>\$ 13,817,708</u>	<u>\$ 40,485,587</u>	<u>\$ (3,463,364)</u>	<u>\$ 50,839,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Pension	\$ -	\$ 6,799,314	\$ -	\$ 6,799,314
<b>LIABILITIES</b>				
Payables				
Accounts Payable	678,158	-	-	678,158
Accrued Liabilities	314,961	-	-	314,961
Accrued Interest Payable	64,447	-	-	64,447
Due to other Funds	3,463,364	-	(3,463,364)	-
Serial Bonds Payable	-	3,325,000	-	3,325,000
Tax Anticipation Note Payable	1,800,000	-	-	1,800,000
Bond Anticipation Note Payable	2,604,000	-	-	2,604,000
Capital Leases Payable	-	353,757	-	353,757
Due to Other Governments	1,878,385	-	-	1,878,385
Due to Employee Retirement System	-	474,696	-	474,696
Post-Employment Benefits other than Pensions	-	6,086,535	-	6,086,535
Judgements and Claims Payable	-	3,596,459	-	3,596,459
Net Pension Liability - Proportionate Share	-	5,504,660	-	5,504,660
Compensated Absences	-	814,043	-	814,043
	<u>10,803,315</u>	<u>20,155,150</u>	<u>(3,463,364)</u>	<u>27,495,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Pension	-	810,397	-	810,397
<b>FUND BALANCE/NET ASSETS</b>				
Total Fund Balance/Net Assets	<u>3,014,393</u>	<u>26,319,354</u>	<u>-</u>	<u>29,333,747</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balance / Net Position	<u>\$ 13,817,708</u>	<u>\$ 47,284,901</u>	<u>\$ (3,463,364)</u>	<u>\$ 57,639,245</u>
 Total Governmental Fund Balance				\$ 3,014,393
Capital Assets used in Governmental Activities are not financial resources and therefore not reported in the Funds.				40,435,495
<b>GASB 45</b> - Valuation of Post-Employment Benefits other than pensions are not due and payable in the current period and therefore are not reported in the Funds.				(6,086,535)
<b>GASB 68</b> - Recognition of Assets (Prepaid Expenses),Liabilites (Net Pension Liability - Proportionate Share), and Deferred Outflows and Inflows of Pension Costs in the Governmental Activities and not reported in the Funds - Net.				59,653
Long-Term Liabilities, including Bonds Payable are not due and payable in the current period and therefore are not reported in the funds.				<u>(8,089,259)</u>
Net Position of Governmental Activities				<u>\$ 29,333,747</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real Property Taxes	\$ 4,629,724	\$ -	\$ -	\$ 4,629,724
Real Property Tax Items	196,680	-	-	196,680
Non-Property Tax Items	3,737,151	-	-	3,737,151
Departmental Income	453,421	4,825,304	-	5,278,725
Intergovernmental Charges	165,844	3,922	-	169,766
Use of Money and Property	83,093	1,027	-	84,120
Licences and Permits	47,623	-	-	47,623
Fines and Forfeitures	63,078	-	-	63,078
Sale of Property and Compensation for Losses	40,045	7,936	-	47,981
Miscellaneous Local Sources	10,404	356,117	208,088	574,609
State Aid	2,176,973	-	1,449,347	3,626,320
Federal Aid	78,241	207,221	149,018	434,480
	<u>11,682,277</u>	<u>5,401,527</u>	<u>1,806,453</u>	<u>18,890,257</u>
Total Revenues				
<b>EXPENDITURES</b>				
General Government Support	1,567,386	287,930	65,000	1,920,316
Public Safety and Health	7,487,033	-	145,342	7,632,375
Transportation	2,091,237	-	367,182	2,458,419
Economic Assistance and Opportunity	16,975	-	-	16,975
Culture and Recreation	705,133	1,074,634	15,558	1,795,325
Home and Community Services	297,194	3,634,516	30,000	3,961,710
Employee Benefits	-	10,000	-	10,000
Debt Service: Principal	149,672	246,328	-	396,000
Debt Service: Interest	131,723	51,941	-	183,664
	<u>12,446,353</u>	<u>5,305,349</u>	<u>623,082</u>	<u>18,374,784</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(764,076)	96,178	1,183,371	515,473
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds of refunding bonds	-	-	1,685,000	1,685,000
Payments to Escrow Agent	-	-	(1,620,000)	(1,620,000)
BANs Redeemed from appropriation	-	-	71,000	71,000
Operating Transfers In	803,069	965,239	14,094	1,782,402
Operating Transfers (Out)	(795,239)	(979,186)	(7,977)	(1,782,402)
	<u>7,830</u>	<u>(13,947)</u>	<u>142,117</u>	<u>136,000</u>
Total Other Sources (Uses)				
Excess (Deficit) Revenues Over Expenditures and other Financing Sources (Uses)	(756,246)	82,231	1,325,488	651,473
<b>Fund Balance - Beginning of Year</b>	<u>1,376,685</u>	<u>3,668,008</u>	<u>(2,681,773)</u>	<u>2,362,920</u>
<b>Fund Balance - End of Year</b>	<u>\$ 620,439</u>	<u>\$ 3,750,239</u>	<u>\$ (1,356,285)</u>	<u>\$ 3,014,393</u>

See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Total Governmental Funds	Long-Term Revenues - Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
<b>Revenues</b>					
Real Property Taxes	\$ 4,629,724	\$ -	\$ -	\$ -	\$ 4,629,724
Real Property Tax Items	196,680	-	-	-	196,680
Non-Property Tax Items	3,737,151	-	-	-	3,737,151
Departmental Income	5,278,725	-	-	-	5,278,725
Inter-Governmental Charges	169,766	-	-	-	169,766
Use of Money and Property	84,120	-	-	-	84,120
Licenses and Permits	47,623	-	-	-	47,623
Fines and Forfeitures	63,078	-	-	-	63,078
Sale of Property and Compensation for Losses	47,981	-	-	-	47,981
Miscellaneous Local Sources	574,609	-	-	-	574,609
State Aid	3,626,320	-	-	-	3,626,320
Federal Aid	434,480	-	-	-	434,480
<b>Total Revenues</b>	<b>18,890,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,890,257</b>
<b>Expenditures/Expenses</b>					
General Government Support	1,920,316	62,854	-	227,178	2,210,348
Public Safety and Health	7,632,375	162,376	(157,720)	1,251,959	8,888,990
Transportation	2,458,419	386,039	(376,779)	160,954	2,628,633
Economic Assistance and Opportunity	16,975	-	-	-	16,975
Culture and Recreation	1,795,325	301,411	(18,138)	268,539	2,347,137
Home and Community Service	3,961,710	511,528	(274,206)	332,447	4,531,479
Employee Benefits	10,000	(10,000)	-	-	-
Debt Service					
Principal	396,000	-	-	(396,000)	-
Interest	183,664	-	-	-	183,664
Compensated Absences	-	-	-	(18,711)	(18,711)
Judgements and Claims Payable	-	-	-	517,062	517,062
<b>Total Expenditures</b>	<b>18,374,784</b>	<b>1,414,208</b>	<b>(826,843)</b>	<b>2,343,428</b>	<b>21,305,577</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>515,473</b>	<b>(1,414,208)</b>	<b>826,843</b>	<b>(2,343,428)</b>	<b>(2,415,320)</b>
<b>Other Sources and Uses</b>					
Proceeds of refunding bonds	1,685,000	-	-	(1,685,000)	-
Payments to Escrow Agent	(1,620,000)	-	-	1,620,000	-
BANs redeemed from appropriation	71,000	-	-	(71,000)	-
Operating Transfers In	1,782,402	-	-	-	1,782,402
Operating Transfers (Out)	(1,782,402)	-	-	-	(1,782,402)
<b>Total Other Sources (Uses)</b>	<b>136,000</b>	<b>-</b>	<b>-</b>	<b>(136,000)</b>	<b>-</b>
<b>Net Change For The Year</b>	<b>\$ 651,473</b>	<b>\$ (1,414,208)</b>	<b>\$ 826,843</b>	<b>\$ (2,479,428)</b>	<b>\$ (2,415,320)</b>
<b>Net Change in Fund Balances</b>					<b>\$ 651,473</b>
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds					(1,414,208)
Expenditures for Acquisition (Disposition) of Capital Assets recorded in the Governmental Funds, but not in the Statement of Activities					826,843
Repayment (Proceeds) of Bond and Capital Lease Principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					355,247
Expenditure for <b>GASB 45</b> valuation of Post-Employment Benefits other than Pensions recorded in the Statement of Activities, but not in the Governmental Funds					(729,903)
Adjustment to Expenditures for <b>GASB 68</b> current year actual Pension Costs recorded in the Statement of Activities, but not in the Governmental Funds					(1,606,421)
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					(498,351)
<b>Change in Net Position of Governmental Activities</b>					<b>\$ (2,415,320)</b>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
DECEMBER 31, 2016**

**Assets**

Cash - Unrestricted	\$	43,184
Investments		<u>4,262,134</u>
Total Assets	\$	<u><u>4,305,318</u></u>

**Liabilities**

Agency Liabilities	\$	43,462
Deferred Compensation		<u>4,261,856</u>
Total Liabilities	\$	<u><u>4,305,318</u></u>

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS  
AND LIABILITIES AGENCY FUND  
DECEMBER 31, 2016**

	<b>Balance January 1, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash - Unrestricted	\$ 35,647	\$ 3,383,030	\$ 3,375,493	\$ 43,184
Due from Other Funds	232	-	232	-
Investments	<u>4,136,807</u>	<u>125,327</u>	<u>-</u>	<u>4,262,134</u>
 Total Assets	 <u>\$ 4,172,686</u>	 <u>\$ 3,508,357</u>	 <u>\$ 3,375,725</u>	 <u>\$ 4,305,318</u>
 <b>Liabilities</b>				
Agency Liabilities	\$ 35,058	\$ 1,471,647	\$ 1,463,243	\$ 43,462
Deferred Compensation	<u>4,137,628</u>	<u>459,848</u>	<u>335,620</u>	<u>4,261,856</u>
 Total Liabilities	 <u>\$ 4,172,686</u>	 <u>\$ 1,931,495</u>	 <u>\$ 1,798,863</u>	 <u>\$ 4,305,318</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**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:

**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  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Ogdensburg 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 Ogdensburg 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 City 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 City has no oversight responsibility for funds of the Authority.

**Basis of Presentation**

**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.

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.



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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.

**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 30<sup>th</sup> 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 Ogdensburg 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, 2016, real property tax receivables were \$ 2,549,056. Returned school taxes are offset by a liability to the school district in the same amount.

**Accounts Receivable**

Accounts receivable are shown net, with uncollectible amounts determined by management. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. Certain receivables are in the process of litigation. An allowance has not been established for these receivables as the outcome of litigation is not yet determinable. The balance of these receivables at December 31, 2016 was approximately \$ 1,163,255.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

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 Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 10,000	Straight Line (SL)	40 yr. (varies)
Building Improvements	\$ 10,000	SL	40 yr. (varies)
Site Improvements	\$ 10,000	SL	40 yr. (varies)
Furniture and Equipment	\$ 10,000	SL	5 - 15 yr.
Infrastructure	\$ 10,000	SL	40 yr. (varies)

**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  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**Postemployment Benefits Other Than Pensions (OPEB)**

In addition to providing the retirement benefits described in Note 1, 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*.

**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.

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.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- c. All revisions that alter appropriations of any department or fund must be approved by the governing board. However, the comptroller is authorized to transfer certain budgeted amounts within departments, provided such transfer does not exceed 5% of the department's budget and is reported to the council at its next meeting.
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects.

**Encumbrance Accounting**

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

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

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.

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.

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.

**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.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**Inventories**

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

**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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in several areas, including the computation of compensated absences, potential contingent liabilities, self-insurance accruals and useful lives of long-lived assets.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Management has reviewed and evaluated all events and transactions from January 1, 2017 through September 29, 2017 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.

**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 periods, 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 periods, and as such, will not be recognized as an inflow of resource (revenue) until that time.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-Wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Government-Wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly are the City contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Government-Wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability (PFRS and ERS Systems) and difference during the measurement periods between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**PENSION OBLIGATIONS**

**Plan Descriptions And Benefits Provided**

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System provides retirement benefits as well as death and disability benefits.



**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*Tiers 3, 4, and 5*

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$ 50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Post-Retirement Benefit Increases**

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$ 18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

**Contributions**

The System is noncontributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>CONTRIBUTIONS</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$ 863,784	\$ 705,510
2015	\$ 917,319	\$ 749,141
2014	\$ 747,013	\$ 611,130

The system has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At December 31, 2016, the City reported the following asset (liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2016 for both PFRS and ERS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City's proportion of the net pension asset (liability) was based on a projection of the City's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the PFRS and ERS Systems in reports provided to the City.

	<u>PFRS</u>	<u>ERS</u>
Actuarial Valuation Date	4/1/2015	4/1/2015
Net Pension Asset/(Liability)	\$ (2,960,787,000)	\$ (16,050,279,000)
City's Portion of the Plan's Total Net Pension Asset/(Liability)	\$ (3,230,185)	\$ (2,274,475)
	.109098%	.014170%

For the year ended December 31, 2016, the City recognized pension expense of \$ 1,180,206 for PFRS and \$ 813,692 for ERS. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>
Difference between Expected Actual Experience	\$ 28,972	\$ 11,493	\$ 488,365	\$ 269,601
Changes of Assumptions	1,392,522	606,534	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,810,258	1,349,343	-	-
Changes in Proportion and Difference between the City's Contributions and Proportionate Share of Contributions	11,595	19,303	41,383	11,048
Employer Contributions Subsequent To the Measurement Date	<u>889,920</u>	<u>679,374</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,133,267</u>	<u>\$2,666,047</u>	<u>\$529,748</u>	<u>\$280,649</u>

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	PFRS	ERS
2017	\$ 638,913	\$ 431,740
2018	638,913	431,740
2019	638,913	431,740
2020	613,708	410,804
2021	183,150	-
Thereafter	-	-

**ACTUARIAL ASSUMPTIONS**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	PFRS	ERS
Measurement Date	3/31/2016	3/31/2016
Actuarial Valuation Date	4/01/2015	4/01/2015
Interest Rate	7.0%	7.0%
Salary Scale (Indexed by Service)	4.5%	3.8%
Decrement Tables	4/1/2010 to 3/31/2015 Systems Experience	4/1/2010 to 3/31/2015 Systems Experience
Inflation Rate	2.5%	2.5%

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

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

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rates of Return</u>
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Strategies	3%	8.60%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-Indexed Bonds	2%	4.00%

**DISCOUNT RATE**

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

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION**

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

	1% Decrease (6.0)%	Current Assumption (7.0)%	1% Increase (8.0)%
<b>PFRS</b>			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (7,214,959)	\$ (3,230,185)	\$ 109,918
<b>ERS</b>			
Employers Proportionate Share of the Net Pension Asset (Liability)	\$ (5,128,776)	\$ (2,274,475)	\$ 137,287

**PENSION PLAN FIDUCIARY NET POSITION**

The components of the current-year net pension asset (liability) of the employers as of the valuation date, were as follows:

	PFRS	ERS	TOTAL
Employer's Total Pension (Liability)	\$(30,347,727,000)	\$ (172,303,544,000)	\$(202,651,271,000)
Plan Net Position	27,386,940,000	156,253,265,000	183,640,205,000
Employer's Net Pension Asset (Liability)	\$ (2,960,787,000)	\$ (16,050,279,000)	\$ (19,011,066,000)
Ration of Plan Net Position to the Employer's Total Pension Asset (Liability)	90.2%	90.7%	90.6%

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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.

*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.

*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.

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.



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**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.

**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.

Total financial institution (bank) balances at December 31, 2016, per the banks were \$ 4,371,605. These deposits are categorized as follows:

1	2	3	<b>Carrying Value</b>
\$ 250,000	\$ 4,121,605	\$ -	<u>\$ 4,371,605</u>

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

2. Unrestricted Cash - At December 31, 2016, unrestricted cash consisted of the following:

	Checking Accounts	Savings Account	Petty Cash	Total
General	\$ 1,410,326	\$ -	\$ 875	\$ 1,411,201
Special Revenue				
Community				
Development	-	114,561	-	114,561
Library/ Remington	88,383	-	100	88,483
Sewer	907,889	-	-	907,889
Water	324,975	-	-	324,975
Insurance	292,768	-	-	292,768
Capital	195,990	-	-	195,990
Total	\$ 3,220,331	\$ 114,561	\$ 975	\$ 3,335,867

3. Restricted Cash - Restricted cash of \$ 44,766 in the Special Revenue (Insurance) Fund is being held for future unemployment insurance claims and \$ 105,752 in the Community Development Fund is being held for community development projects. The General Fund has restricted cash of \$ 511,597 held for various reserves described in NOTE 3 - Fund Equity. Total restricted cash is \$ 662,115.
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, 2016, the City's share, \$ 1,557,942, 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.

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

Fund	Amount	
Capital Projects	\$ 1,504,634	Investment Pool
Community Development	53,308	Investment Pool
	\$ 1,557,942	

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

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

5. Capital Assets - Capital asset balances and activity for the year ended December 31, 2016 were as follows:

	Balance at <u>12/31/15</u>	Additions	Disposals	Balance at <u>12/31/16</u>
<b>Governmental Activities</b>				
Non Depreciable				
Capital Assets				
Land	\$ 6,776,899	\$ -	\$ -	\$ 6,776,899
Construction in Progress	<u>12,185,694</u>	<u>367,184</u>	<u>-</u>	<u>12,552,878</u>
Total	<u>18,962,593</u>	<u>367,184</u>	<u>-</u>	<u>19,329,777</u>
Depreciable				
Capital Assets				
Land Improvements	5,614,001	-	-	5,614,001
Buildings and Improvements	15,465,158	126,412	-	15,591,570
Infrastructure	30,569,637	94,981	-	30,664,618
Machinery and Equipment	18,480,311	87,808	29,494	18,538,625
Vehicles	<u>4,549,980</u>	<u>601,223</u>	<u>234,701</u>	<u>4,916,502</u>
Total	<u>74,679,087</u>	<u>910,424</u>	<u>264,195</u>	<u>75,325,316</u>
Less: Accumulated				
Depreciation				
Land Improvements	5,364,991	58,150	-	5,423,141
Buildings and Improvements	6,759,272	288,603	-	7,047,875
Infrastructure	22,232,018	507,399	-	22,739,417
Machinery and Equipment	15,346,083	323,379	27,732	15,641,730
Vehicles	<u>3,365,458</u>	<u>236,677</u>	<u>224,701</u>	<u>3,367,434</u>
Total	<u>53,067,822</u>	<u>1,414,208</u>	<u>262,433</u>	<u>54,219,597</u>
Depreciable Capital				
Assets (Net)				
	<u>21,611,265</u>	<u>(503,784)</u>	<u>1,762</u>	<u>21,105,719</u>
Total	<u>\$ 40,573,858</u>	<u>\$ (136,600)</u>	<u>\$ 1,762</u>	<u>\$ 40,435,496</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Function/Program		
General Governmental Support	\$	61,882
Public Safety		157,017
Transportation		385,226
Culture and Recreation		300,236
Home and Community		<u>509,847</u>
Total Depreciation	\$	<u>1,414,208</u>

**Liabilities**

**1. Postemployment Benefits Other Than Pensions**

Total expenditures charged to operations for the year ended December 31, 2016 amounted to \$ 729,903. At December 31, 2016, the postemployment benefit liability for retired employees amounted to \$ 6,086,535.

The number of participants as of December 31, 2016 was as follows:

Active Employees		109
Retired Employees		105
Spouse of Retired Employees		<u>35</u>
Total		<u>249</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, 2016, the annual OPEB cost amounted to \$ 1,811,949.

**Benefit Obligations and Normal Cost**

Actuarial Accrued Liability (AAL)		<u>\$ 33,122,102</u>
Underfunded Actuarial Accrued (UAAL)		<u>\$ 33,122,102</u>
Normal Cost for Fiscal Year		418,521
Amortization of Unfunded UAAL		<u>1,410,556</u>
Annual Required Contribution	\$	<u>1,829,077</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

Annual Required Contribution (ARC)	\$	1,829,077
Interest on Net OPEB Obligation		214,265
Adjustment to		
Annual Required Contribution		(231,393)
Annual OPEB Cost (Expense)		1,811,949
Contributions Made		1,082,046
Increase in Net OPEB Obligation		729,903
Net OPEB Obligation at Beginning of Year		5,356,632
Net OPEB Obligation at End of Year	\$	6,086,535
Actuarial Methods and Assumptions		
Discount Rate		4.00%
Initial Medical Rate		5.20%
Ultimate Medical Rate		3.80%

**2. 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, 2016.

<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	4/28/16	\$ 2,604,000	4/28/17	2.00%	\$ <u>2,604,000</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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

<u>Description</u>	<u>Balance at 12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/16</u>
Capital Fund	\$ 46,000	\$ -	\$ 46,000	\$ -
Capital Fund	3,379,000	2,604,000	3,379,000	<u>2,604,000</u>
Total				<u>\$ 2,604,000</u>

**Tax Anticipation Notes** - General Fund - a Tax Anticipation Note, with an interest rate of 2.00%, was issued on July 28, 2016 for \$ 1,800,000 and matures on July 28, 2017. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2016 year.

**3. Due to Other Governments**

At December 31, 2016, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	\$ 252,125
Due to St. Lawrence County	<u>1,626,260</u>
	<u>\$ 1,878,385</u>

**4. Long-Term Debt**

**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.

**Advance Refunding of Bonds** - On August 25, 2016, the City issued \$ 1,685,000 in General Obligation Bonds with an average interest rate of 2.18 percent to refund \$ 1,620,000 of outstanding 2007 Series Bonds which had an average interest rate of 4.39 percent. The net proceeds of \$ 1,652,734 (after payment of \$ 76,515 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Series Bonds. As a result, 2007 Series Bonds will be considered to be defeased in August of 2027. The City advance refund of the 2007 Series Bonds was done to reduce its total debt service payments over the next eleven years by \$ 138,796 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of approximately \$ 119,000.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**Other Long-Term Debt** - Compensated absences - represents the value of the earned and unused portion of the liability for compensated absences.

**Capital Leases** - During 2016, the City entered into the following capital lease obligations:

- Five-year lease dated May 5, 2016 in the amount of \$ 50,269 with interest at 2.46% per annum and annual payments of \$ 10,554 for the purchase of a Volvo skid-steer loader.
- Five-year lease dated March 17, 2016 in the amount of \$ 97,724 with interest at 2.67% per annum and annual payments of \$ 20,588 for the purchase of a 2016 International dump truck.
- Five-year lease dated May 6, 2016 in the amount of \$ 144,780 with interest at 3.10% per annum and annual payments of \$ 30,780 for the purchase of a Caterpillar wheel loader.
- Five-year lease dated September 28, 2016 in the amount of \$ 128,639 with interest at 2.66% per annum and annual payments of \$ 27,096 for the purchase of a 2017 International dump truck.
- Five-year lease dated July 11, 2016 in the amount of \$ 27,592 with interest at 6.45% per annum and annual payments of \$ 6,229 for the purchase of a 2016 Ford F250 pick-up truck.

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2016 were as follows:

2017		\$ 95,247
2018		95,247
2019		95,247
2020		<u>95,247</u>
Total Lease Payments		380,988
Less Amount Representing Interest		<u>27,231</u>
Present Value of Future Minimum Lease Payments		<u>\$ 353,757</u>

The following is a summary of long-term liabilities outstanding at December 31, 2016:

Serial Bonds – Non Current Portion		\$ 2,970,000
Capital Leases Payable		269,229
Due to Employee Retirement System		474,696
Compensated Absence		814,043
Judgements and Claims		3,596,459
Net Pension Liability – Proportionate Share		5,504,660
OPEB		<u>6,086,535</u>
Total Long Term Liabilities		<u>\$ 19,715,622</u>

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2016.

	Balance at <u>12/31/15</u>	Increases	Decreases	Balance at <u>12/31/16</u>	Due Within <u>One Year</u>
Serial Bonds	\$ 3,585,000	\$ 1,685,000	\$ 1,945,000	\$ 3,325,000	\$ 355,000
Capital Leases	-	449,004	95,247	353,757	95,247
Compensated Absences	832,754	-	18,711	814,043	-
Judgements and Claims	3,079,397	517,062	-	3,596,459	-
Net Pension Liability	754,538	4,750,122	-	5,504,660	-
OPEB	<u>5,356,632</u>	<u>729,903</u>	<u>-</u>	<u>6,086,535</u>	<u>-</u>
	<u>\$ 13,608,321</u>	<u>\$ 8,131,091</u>	<u>\$ 2,058,958</u>	<u>\$ 19,680,454</u>	<u>\$ 450,247</u>

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

<u>Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate(VAR)</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/2016</u>
Elizabeth Street Reconstruction	2012	\$ 1,292,905	2.0%	2023	\$ 846,452
Caroline Street Sewer	2012	42,160	2.0%	2023	27,602
Sewage Treatment Plant	2012	579,699	2.0%	2023	379,524
Water Tower Painting	2012	221,339	2.0%	2023	144,909
Mansion Avenue Transmission	2012	158,097		2023	103,504
New Park Recreation Area	2012	210,800	2.0%	2023	138,009
Public Improvements	2016	2,145,000	1.5%	2027	<u>1,685,000</u>
Sub Total					\$ 3,325,000
Current Portion of Long-Term Debt					<u>(355,000)</u>
Noncurrent Portion of Long-Term Debt					<u>\$ 2,970,000</u>

The following tables summarize the City's future debt service requirements as of December 31, 2016:

Serial Bonds

<u>Year End Date</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 355,000	\$ 79,985
2018	365,000	73,750
2019	375,000	65,663
2020	380,000	56,075
2021	390,000	45,413
2022 – 2026	1,290,000	102,719
2027	<u>170,000</u>	<u>5,100</u>
	<u>\$ 3,325,000</u>	<u>\$ 429,705</u>



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Debt Limits

At December 31, 2016, the total outstanding indebtedness of the City aggregated \$ 8,082,757. Of this amount, \$ 4,362,009 was subject to the constitutional debt limit and represented approximately 22.86% of its statutory debt limit.

**C. Interfund Receivables and Payables**

Interfund receivables and payables at December 31, 2016 were as follows:

Fund Type	Receivables	Payables
General Fund	\$ 1,061,799	\$ 1,177,166
Capital Projects	964,248	1,476,678
Special Revenue		
Special Grant	-	117,650
Water	572,228	22,434
Sewer	449,850	142,268
Library/Remington	415,239	491,845
Total	\$ 3,463,364	\$ 3,463,364

**D. Fund Equity**

For flow assumption policy regarding use of fund balance types, refer to NOTE 1.

Restricted for

Unemployment Insurance	\$ 44,766	(Insurance Fund)
Community Development Projects	105,751	(CD Fund)
Miscellaneous	16,855	(General)
Asset Forfeiture	17,527	(General)
LWRP	8,372	(General)
Capital Interest	458,422	(General)
Taxes	10,422	(General)
Total Restricted Fund Balance	\$ 662,115	

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Unassigned	
General	\$ 108,842
Community Development	26,229
Insurance Reserve	289,823
Water	1,365,518
Sewer	1,838,882
Library/Remington	25,961
Capital	<u>(1,356,285)</u>
Total Unassigned Fund Balance	<u>\$ 2,298,970</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 \$ 44,766 at December 31, 2016.

**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, 2016, the market value of the assets of the plan totaled \$ 4,262,134. 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, 2016, the City had exhausted 70.12% of its constitutional tax limit.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 5 - OPERATING LEASES**

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2016 was \$ 17,230. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31,

2017	\$	16,222
2018		10,175
2019		7,488
2020		6,726
2021		<u>2,633</u>
	\$	<u>43,244</u>

**NOTE 6 - CONTINGENCIES**

**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.

**Other Claims**

On August 8, 2016 the City Council voted to approve a settlement with a local mental health service organization over a federal lawsuit in the amount of \$ 150,000. A total of \$ 75,000 will come from the City's General Fund, while the other half of the money will be paid by the City's insurance carrier.

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 7 - RECENT ACCOUNTING PRONOUNCEMENTS**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2016, the City implemented the following new standards issued by GASB:

GASB has issued Statement No. 72, Fair Value Measurement and Application, effective for the year ending December 31, 2016.

GASB has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions, effective for the year ending December 31, 2016.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 7 - RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the year ending December 31, 2016.

GASB has issued Statement No. 77, Tax Abatement Disclosures, effective for the year ending December 31, 2016.

GASB has issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Pension Plans, effective for the year ending December 31, 2016.

GASB has issued Statement No. 79, External Investment Pools, effective for the year ending December 31, 2016.

**CITY OF OGDENSBURG, NEW YORK**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<b>Revenues</b>				
Real Property Taxes	\$ 4,699,350	\$ 4,699,350	\$ 4,629,724	\$ (69,626)
Real Property Tax Items	228,700	228,700	196,680	(32,020)
Non Property Tax Items	4,014,910	4,014,910	3,737,151	(277,759)
Departmental Income	407,750	419,750	453,421	33,671
Inter-Governmental Charges	67,500	67,500	165,844	98,344
Use of Money and Property	85,150	85,150	83,093	(2,057)
Licenses and Permits	42,100	42,100	47,623	5,523
Fines and Forfeitures	51,500	51,500	63,078	11,578
Sale of Property and Compensation for Loss	38,000	38,000	40,045	2,045
Miscellaneous Local Sources	2,500	2,500	10,404	7,904
State Aid	2,116,659	2,190,321	2,176,973	(13,348)
Federal Aid	-	82,346	78,241	(4,105)
				-
Total Revenues	<u>11,754,119</u>	<u>11,922,127</u>	<u>11,682,277</u>	<u>(239,850)</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	817,809	817,809	803,069	(14,740)
Appropriated Reserve	10,400	10,400	-	(10,400)
Appropriated Fund Balance	419,499	419,499	-	(419,499)
Total Other Financing Sources	<u>1,247,708</u>	<u>1,247,708</u>	<u>803,069</u>	<u>(444,639)</u>
Total Revenues and Other Financing Sources	<u>13,001,827</u>	<u>13,169,835</u>	<u>12,485,346</u>	<u>(684,489)</u>
<b>Expenditures</b>				
General Government Support	1,648,811	1,664,618	1,567,386	97,232
Public Safety	7,286,003	7,380,740	7,487,033	(106,293)
Transportation	2,222,037	2,309,063	2,091,237	217,826
Economic Assistance and Opportunity	19,850	19,850	16,975	2,875
Culture and Recreation	675,868	689,600	705,133	(15,533)
Home and Community Services	-	-	297,194	(297,194)
Contingency	60,875	17,581	-	17,581
Debt Service	293,144	293,144	281,395	11,749
Total Expenditures	<u>12,206,588</u>	<u>12,374,596</u>	<u>12,446,353</u>	<u>(71,757)</u>
<b>Other Financing Uses</b>				
Transfers to Other Funds	795,239	795,239	795,239	-
Total Expenditures and Other Financing (Uses)	<u>13,001,827</u>	<u>13,169,835</u>	<u>13,241,592</u>	<u>(71,757)</u>
<b>Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	-	-	(756,246)	(756,246)
<b>Fund Balance - Beginning</b>	-	-	1,376,685	1,376,685
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,439</u>	<u>\$ 620,439</u>

**CITY OF OGDENSBURG, NEW YORK**  
**SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NYSERS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$679,374	\$ 731,222
Contributions in Relation to the		
Contractually Required Contribution	<u>679,374</u>	<u>731,222</u>
Contribution Deficiency (Excess)	<u>          -</u>	<u>\$          -</u>
City's Covered Employee Payroll	3,629,300	\$ 3,688,044
Contribution as a Percentage of		
Covered Employee Payroll	18.72%	19.83%

*Schedule is intended to show information for 10 years. Additions years will be displayed as they become available.*

**NYSPPRS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	889,920	\$ 935,238
Contributions in Relation to the		
Contractually Required Contribution	<u>889,920</u>	<u>935,238</u>
Contribution Deficiency (Excess)	<u>          -</u>	<u>\$          -</u>
City's Covered Employee Payroll	4,190,224	\$ 4,317,194
Contribution as a Percentage of		
Covered Employee Payroll	21.24%	21.66%

*Schedule is intended to show information for 10 years. Additions years will be displayed as they become available.*

**CITY OF OGDENSBURG, NEW YORK**  
**SCHEDULE OF PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NYSERS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Districts Portion of the		
Net Pension Liability (Asset)	0.0141709%	0.0138809%
City's Proportionate Share of the		
New Pension Liability (Asset)	\$ 2,274,475	468,931
City's Covered Employee Payroll	3,629,300	3,688,044
City's Proportionate Share of the		
Net Pension Liability (Asset) as a		
Percentage of its Covered Employee		
Payroll	62.67%	12.71%
Plan Fiduciary Net Position as a		
Percentage of the Total Pension Liability	90.7%	90.9%

*Schedule is intended to show information for 10 years. Additions years will be displayed as they become available.*

**NYSPFRS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Districts Portion of the		
Net Pension Liability (Asset)	0.1090989%	0.2107100%
City's Proportionate Share of the		
New Pension Liability (Asset)	3,230,185	285,607
City's Covered Employee Payroll	4,190,224	4,317,194
City's Proportionate Share of the		
Net Pension Liability (Asset) as a		
Percentage of its Covered Employee		
Payroll	77.09%	6.62%
Plan Fiduciary Net Position as a		
Percentage of the Total Pension Liability	90.2%	90.2%

*Schedule is intended to show information for 10 years. Additions years will be displayed as they become available.*

CITY OF OGDENSBURG, NEW YORK

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016

	Community Development	Insurance Reserve Fund	Water Fund	Sewer Fund	Library/ Remington Fund	Totals
<b>Assets</b>						
Cash - Unrestricted	\$ 114,560	\$ 292,769	\$ 324,975	\$ 907,889	\$ 88,483	\$ 1,728,676
Cash - Restricted	105,752	44,766	-	-	-	150,518
Other Receivables	-	-	20,049	-	16,029	36,078
Water Rent Receivable	-	-	555,452	-	-	555,452
Sewer Rent Receivable	-	-	-	760,605	-	760,605
State and Federal Aid Receivable	29,319	-	-	-	-	29,319
Investments	53,308	-	-	-	-	53,308
Due from Other Funds	-	-	572,228	449,850	415,239	1,437,317
Total Assets	<u>\$ 302,939</u>	<u>\$ 337,535</u>	<u>\$ 1,472,704</u>	<u>\$ 2,118,344</u>	<u>\$ 519,751</u>	<u>\$ 4,751,273</u>
<b>Liabilities</b>						
Accounts Payable	-	2,946	84,752	137,194	1,945	\$ 226,837
Due to Other Funds	<u>117,650</u>	<u>-</u>	<u>22,434</u>	<u>142,268</u>	<u>491,845</u>	<u>774,197</u>
Total Liabilities	<u>117,650</u>	<u>2,946</u>	<u>107,186</u>	<u>279,462</u>	<u>493,790</u>	<u>1,001,034</u>
<b>Fund Balance</b>						
Restricted	105,752	44,766	-	-	-	150,518
Unassigned	<u>79,537</u>	<u>289,823</u>	<u>1,365,518</u>	<u>1,838,882</u>	<u>25,961</u>	<u>3,599,721</u>
Total Fund Balance	<u>185,289</u>	<u>334,589</u>	<u>1,365,518</u>	<u>1,838,882</u>	<u>25,961</u>	<u>3,750,239</u>
Total Liabilities and Fund Balance	<u>\$ 302,939</u>	<u>\$ 337,535</u>	<u>\$ 1,472,704</u>	<u>\$ 2,118,344</u>	<u>\$ 519,751</u>	<u>\$ 4,751,273</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, 2016**

	<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>
<b>Revenues</b>						
Department Income	\$ 43,431	\$ -	\$ 2,220,180	\$ 2,554,935	\$ 6,758	\$ 4,825,304
Inter-Governmental charges	-	-	-	-	3,922	3,922
Use of Money and Property	262	20	377	368	-	1,027
Sale of Property and Compensation for Loss	-	7,936	-	-	-	7,936
Miscellaneous Local Sources	-	-	-	-	356,117	356,117
Federal Aid	207,221	-	-	-	-	207,221
	<u>250,914</u>	<u>7,956</u>	<u>2,220,557</u>	<u>2,555,303</u>	<u>366,797</u>	<u>5,401,527</u>
Total Revenues						
<b>Expenditures</b>						
General Governmental Support	-	287,930	-	-	-	287,930
Culture and Recreation	-	-	-	-	1,074,634	1,074,634
Home and Community Services	235,329	-	1,563,171	1,836,016	-	3,634,516
Employee Benefits	0	-	6,766	3,234	-	10,000
Debt Service: Principal	-	-	31,809	209,519	5,000	246,328
Debt Service: Interest	-	-	7,322	43,394	1,225	51,941
	<u>235,329</u>	<u>287,930</u>	<u>1,609,068</u>	<u>2,092,163</u>	<u>1,080,859</u>	<u>5,305,349</u>
Total Expenditures						
<b>Excess (Deficit) Revenues over Expenditures</b>	<u>15,585</u>	<u>(279,974)</u>	<u>611,489</u>	<u>463,140</u>	<u>(714,062)</u>	<u>96,178</u>
<b>Other Financing Sources (Uses)</b>						
Interfund Transfers In	-	255,000	-	-	710,239	965,239
Interfund Transfers Out	(117,650)	-	(566,311)	(295,225)	-	(979,186)
	<u>(117,650)</u>	<u>255,000</u>	<u>(566,311)</u>	<u>(295,225)</u>	<u>710,239</u>	<u>(13,947)</u>
Total Other Financing Sources (Uses)						
<b>Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	<u>(102,065)</u>	<u>(24,974)</u>	<u>45,178</u>	<u>167,915</u>	<u>(3,823)</u>	<u>82,231</u>
<b>Fund Balance - Beginning</b>	<u>287,354</u>	<u>359,563</u>	<u>1,320,340</u>	<u>1,670,967</u>	<u>29,784</u>	<u>3,668,008</u>
<b>Fund Balance - Ending</b>	<u>\$ 185,289</u>	<u>\$ 334,589</u>	<u>\$ 1,365,518</u>	<u>\$ 1,838,882</u>	<u>\$ 25,961</u>	<u>\$ 3,750,239</u>



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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***

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, 2016, 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 29, 2017.

**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.

  
Piotr Mucenski Hooper Van House & Co.  
Certified Public Accountants, P.C.  
September 29, 2017



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

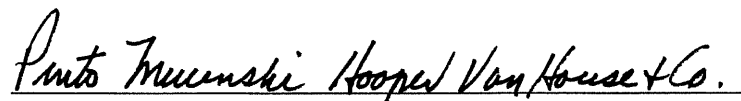
### **Report on Internal Control over Compliance**

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Prato Mucinski Hooper Van House & Co.  
Certified Public Accountants, P.C.  
September 29, 2017

**CITY OF OGDENSBURG, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor/Program Title/Grant Number</b>	<b>Federal CFDA Number</b>	<b>Direct/ Pass-Through Grantor's Number</b>	<b>Disbursements/ Expenditures</b>
<b>Pass - Through Awards</b>			
U.S. Department of Housing and Urban Development Passed through the NYS Homes and Community Renewal Home Investment Partnerships Program	14.239	836HR320-14	\$ 207,221
U. S. Department of Transportation Passed through the NYS Department of Transportation Federal-Aid Highway and Marchiselli-Aid	20.205	DO32036	\$ 367,184
U.S. Department of Homeland Security Passed through the NYS Homeland Security and Emergency Services Operation Stonegarden	97.067	16-SWBOGN-12-001 V	<u>63,002</u>
Total Passed Through Awards			<u>\$ 637,407</u>
<b>Direct Awards</b>			
U.S. Department of Environmental Protection Agency Brownfields	66.818	-	\$ 125,369.00
U. S. Department of Homeland Security Assistance to Firefighters	97.044	-	<u>16,366</u>
<b>Total Direct Awards</b>			<u>\$ 141,735</u>
<b>Total Federal Awards Expended</b>			<u>\$ 779,142</u>

See notes to the schedule of expenditures of federal awards.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016**

**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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 - SUB-RECIPIENTS**

\$ 207,221 was awarded to the Development Authority of the North Country as a sub-recipient providing program delivery and administrative services.

**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, 2016**

**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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are reported in this Schedule.
7. The programs tested as a major program included:  
Department of Housing and Urban Development: Home Investment Partnerships Program.  
CFDA # 14.239 / Grant ID #836HR320-14.
8. The threshold for distinguishing Type A programs was \$ 750,000.
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

Mayor and Members of City Council  
City of Ogdensburg  
Ogdensburg, New York

We have audited the financial statements of the City of Ogdensburg, New York as of and for the year ended December 31, 2016, and have issued our report thereon dated September 29, 2017. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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.

*Pinto Mucenski Hooper Van House & Co.*

Certified Public Accountants, P.C.

September 29, 2017