

CITY OF OGDENSBURG
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020

CITY OF OGDENSBURG, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Ogdensburg, New York'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, 2020, 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, schedule of proportionate share of the net pension liability on Page 52, and schedule of changes in the total OPEB liability and related ratios on Page 53, 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 combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ogdensburg, New York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ogdensburg, New York's internal control over financial reporting and compliance.


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

September 10, 2021

The City of Ogdensburg (the City) offers this discussion and analysis for the fiscal year ending December 31, 2020. Please read along with the City's financial statements which include the notes to the financial statements.

1. FINANCIAL HIGHLIGHTS

At the end of the year, total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$ 2,619,225.

For the year, total revenues for the City were \$ 21,781,592, while total expenses were \$ 18,996,609. The net of the revenues and expenses leaves the City with an increase in net position of \$ 2,784,983.

Total outstanding long-term indebtedness for the City at December 31, 2020 and 2019 was \$ 3,532,182 and \$ 4,189,580, respectively.

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 three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) 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 position (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 position 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 Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the City cannot use any assets in these funds to finance the City’s operations. It is the City’s responsibility to ensure the assets in these funds are used for their intended purposes.

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

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net Position may serve as a useful indicator of a government’s financial position over time. For the year ending December 31, 2020, the City of Ogdensburg’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 2,619,225.

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, streets, 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.

Schedule 1: Condensed Statement of Net Position

	2020	2019	Increase/ (Decrease)	Percentage Change
Current Assets	\$ 15,458,432	\$ 14,713,696	\$ 744,736	5.06%
Capital Assets, Net	58,773,683	39,343,922	19,429,761	49.38%
Total Assets	74,232,115	54,057,618	20,174,497	37.32%
Deferred Outflows of Resources	9,522,095	5,629,142	3,892,953	69.16%
Total Assets and Deferred Outflows of Resources	<u>\$ 83,754,210</u>	<u>\$ 59,686,760</u>	<u>\$ 24,067,450</u>	40.32%
Current Liabilities	\$ 25,708,823	\$ 7,470,304	\$ 18,238,519	244.15%
Long-Term Liabilities	47,439,737	44,310,138	3,129,599	7.06%
Total Liabilities	73,148,560	51,780,442	21,368,118	41.27%
Deferred Inflows of Resources	7,986,425	8,072,076	(85,651)	-1.06%
Total Liabilities and Deferred Inflows of Resources	<u>81,134,985</u>	<u>59,852,518</u>	<u>21,282,467</u>	35.56%
Net Position				
Net Investment in Capital Assets	35,346,346	33,154,342	2,192,004	6.61%
Restricted for Reserves	1,618,137	1,637,744	(19,607)	-1.20%
Unrestricted (Deficit)	<u>(34,345,258)</u>	<u>(34,957,844)</u>	612,586	-1.75%
Total Net Position (Deficit)	<u>2,619,225</u>	<u>(165,758)</u>	<u>2,784,983</u>	1680.15%
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 83,754,210</u>	<u>\$ 59,686,760</u>	<u>\$ 24,067,450</u>	40.32%

The remaining category of unrestricted net position, when positive, may be used to meet the government’s ongoing obligations and services to creditors and citizens, especially in the future. At December 31, 2020, the City had a deficit balance of \$ (34,345,258).

Total net position of the City’s governmental activities for the year ending December 31, 2020 was \$ 2,619,225.

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:

Schedule 2: Condensed Statement of Activities

	2020	2019	Increase/ (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 5,612,529	\$ 5,037,563	\$ 574,966	11.41%
Operating Grants and Contributions	2,626,593	3,462,587	(835,994)	-24.14%
Capital Grants and Contributions	1,777,374	3,531,447	(1,754,073)	-49.67%
General Revenues				
Real Property Taxes and Items	5,930,439	4,886,936	1,043,503	21.35%
Non Property Tax Items	4,414,169	4,252,871	161,298	3.79%
State Aid	51,223	57,601	(6,378)	-11.07%
Other	1,369,265	1,643,082	(273,817)	-16.66%
Total Revenues	<u>21,781,592</u>	<u>22,872,087</u>	<u>(1,090,495)</u>	-4.77%
Expenses				
General Government Support	2,338,781	2,243,424	95,357	4.25%
Public Safety and Health	8,391,837	7,172,328	1,219,509	17.00%
Transportation	2,524,778	2,716,529	(191,751)	-7.06%
Economic Assistance and Opportunity	18,459	14,610	3,849	26.34%
Culture and Recreation	1,692,449	1,797,295	(104,846)	-5.83%
Home and Community Services	3,857,118	4,774,808	(917,690)	-19.22%
Interest on Debt	173,187	221,317	(48,130)	-21.75%
Total Expenses	<u>18,996,609</u>	<u>18,940,311</u>	<u>56,298</u>	0.30%
Increase/(Decrease) in Net Position	<u>\$ 2,784,983</u>	<u>\$ 3,931,776</u>	<u>\$ (1,146,793)</u>	-29.17%

The City's total revenues for the year were \$ 21,781,592 versus total expenses of \$ 18,996,609. For the year, the City's net position increased by \$ 2,784,983 to bring total net position of the primary government of the City to a position of \$ 2,619,225.

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 27.2% of the total revenues while Non-Property Tax Items consisting mainly of New York State sales tax was 20.3% of revenues.

On the expense side, public safety and health, along with home and community services 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 \$ 4,120,972 (49%) and \$ 3,875,755 (46%), of the total for public safety and health, respectively.

Home and community services total overall expenses for the year were \$ 3,857,118. Costs associated with operating the water fund were \$ 1,590,713 or (41%) of the total while the sewer fund costs were \$ 1,843,062 or (48%) of the total.

In 2020, the City's total New York State & Local Retirement expense was \$ 1,592,531; of this amount, \$ 663,121 was for the Employees Retirement System and \$ 929,410 was for the Police/Fire Retirement System.

Depreciation expense was \$ 1,867,298 for 2020.

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 \$ 3,744,624 and the total fund balance was \$ 4,036,086. As a measure of the General Fund's 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, 2020, unassigned fund balances represent 26.8% of total fund expenditures (including transfers out), while total fund balance was 28.9% of the same amount. The total fund balance of the City's General Fund increased by \$ 1,463,145 or 56.9% 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 deficit balance of \$ 19,101,837.
- 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 \$ 5,419,888.

Components of the December 31, 2020 special revenue fund balance are as follows:

Restricted	
Community Development	\$ 230,621
Insurance Reserve	<u>57,792</u>
Total Restricted Special Revenue Fund Balance	<u>288,413</u>
Unassigned	
Community Development	(6,139)
Insurance Reserve	645,451
Water	1,835,800
Sewer	2,601,818
Library/Remington	<u>54,545</u>
Total Unassigned Special Revenue Fund Balance	<u>5,131,475</u>
Total Special Revenue Fund Balance	<u>\$ 5,419,888</u>

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

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, 2020, amounted to \$ 58,773,683 (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 additions during 2020 included:

• Waste Water Treatment Plant Upgrade	\$ 20,661,260
• Dobisky Center and Marina	\$ 134,710
• Maple City Trail	\$ 97,110
• Lafayette – Spring Street Bridge Repairs	\$ 95,778
• John Deere Backhoe Loader	\$ 95,694
• Marina Boardwalk	\$ 62,843

Depreciation expense was \$ 1,867,298 for 2020.

Capital Assets

A recap as of December 31, 2020 is as follows:

	Beginning	Ending	Increase/ (Decrease)	Percentage Change
Land	\$ 6,776,899	\$ 6,776,899	\$ -	0.00%
Construction in Progress	3,255,528	24,246,517	20,990,989	86.57%
Buildings and Improvements	16,147,383	16,254,883	107,500	0.66%
Land Improvement	10,341,926	10,341,926	-	0.00%
Infrastructure	38,782,104	38,809,762	27,658	0.07%
Machinery and Equipment	18,924,536	18,987,693	63,157	0.33%
Vehicles	5,179,693	5,052,872	(126,821)	-2.51%
Total Capital Assets	99,408,069	120,470,552	21,062,483	85.13%
Less: Accumulated Depreciation	60,064,147	61,696,869	1,632,722	2.65%
Total	<u>\$ 39,343,922</u>	<u>\$ 58,773,683</u>	<u>\$ 19,429,761</u>	87.77%

Long-Term Debt and Other Long-Term Liabilities

A recap as of December 31, 2020 is as follows:

	Beginning	Ending	Increase/ (Decrease)	Percentage Change
Long-Term Debt				
Serial Bonds	\$ 3,819,000	\$ 3,315,000	\$ (504,000)	-15.20%
Capital Leases Payable	370,580	217,182	(153,398)	-70.63%
Total Long-Term Debt	<u>4,189,580</u>	<u>3,532,182</u>	<u>(657,398)</u>	-85.83%
Other Long-Term Liabilities				
Due to ERS/PFRS	297,946	-	(297,946)	-100.00%
Compensated Absence	845,076	632,282	(212,794)	-33.65%
Judgements and Claims	1,785,750	3,630,863	1,845,113	50.82%
Net Pension Liability	2,740,687	9,220,834	6,480,147	70.28%
OPEB	35,108,497	31,028,104	(4,080,393)	-13.15%
Total Other Long-Term Liabilities	<u>40,777,956</u>	<u>44,512,083</u>	<u>3,734,127</u>	-25.71%
	<u>\$ 44,967,536</u>	<u>\$ 48,044,265</u>	<u>\$ 3,076,729</u>	-111.55%

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, 2020, the total indebtedness subject to its Constitutional Debt limit was \$ 4,672,940 or 23.86% of its limit.

The City's general obligation limited tax (GOLT) rating was upgraded in 2019 to Ba1 positive from Ba1 negative. In 2020, the City maintained this rating. In April of 2021, the City's GOLT rating was upgraded to Baa3 (Stable).

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

In 2020, the City paid off a Tax Anticipation Note (TAN) for \$ 1,400,000.

6. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The impact of the COVID-19 pandemic will impact future years, and the City's officials have considered many factors when adopting the 2021 budget.

The City of Ogdensburg is the only city in St. Lawrence County. The unemployment rates as of July 2021 and July 2020 were 6.1% and 11.6%, respectively, in St. Lawrence County and 7.4% and 14.7%, respectively, in New York state.

The City decreased its property tax levy by 10% in the 2021 budget in order to provide headroom under the constitutional tax limit. In 2020, the City had exhausted 88% of its constitutional tax limit. The reduction in the tax levy reduced the use of the constitutional tax limit to 81%, although still high compared to other local governments. As an offset to this revenue reduction, the City has reduced operating costs, mainly personnel, so as to not deteriorate, and to continue strengthening, the financial conditions of the City.

The City's 2021 budget continues to be impacted by the high cost of retirement and health care benefits. The budgeted contribution rate to the Employees' Retirement System will be 18% of overall salaries. The budgeted contribution rate to the Police and Fire Retirement System will be 32% of overall salaries. Health insurance costs are budgeted to be 34% of budgeted salaries.

During 2020 and continuing into 2021, the Library and Museum are transitioning to independent operating models. The City will continue to support these entities in 2021 through contributions of \$162,000 to the library and \$70,000 to the museum. In addition, the City will provide \$78,000 to the Ogdensburg Volunteer Rescue Squad.

The Water and Sewer rates were increased 3% in the 2021 budget. In 2021, the City will continue construction of a \$43.6-million-dollar waste water treatment plant upgrade, which is expected to be completed in 2022. Additional increases in sewer rates are anticipated to repay the debt associated with the project and will be evaluated during the 2022 budget process.

All funds within the City are budgeted to support anticipated expenditures without the appropriation of fund balances during 2021. Despite revenue constraints due to the reliance on sales tax and state aid, as well as a stagnant tax base, the City anticipates 2021 to be another year of strength as governance and conservative budgeting should support continued improvement of their financial condition.

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 POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets

Cash		
Cash - Unrestricted	\$	8,996,392
Cash - Restricted		1,618,137
Receivables		
Taxes Receivable (Net of Allowance of \$ 350,000)		1,276,214
Accounts and Other Receivables		751,491
State and Federal Receivables		638,412
Due from Fiduciary Funds		44,248
Due from Other Governments		1,900,735
Prepaid Expenses		232,803
Total Current Assets		<u>15,458,432</u>

Noncurrent Assets

Capital Assets (Net)		<u>58,773,683</u>
Total Assets		<u>74,232,115</u>

Deferred Outflows of Resources

Pensions		6,932,815
Other Post Employment Benefits		<u>2,589,280</u>
Total Deferred Outflows of Resources		<u>9,522,095</u>

Total Assets and Deferred Outflows of Resources	\$	<u>83,754,210</u>
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Liabilities

Current Liabilities

Accounts Payable	\$	2,608,558
Accrued Liabilities		436,822
Accrued Interest Payable		39,880
Due to Other Governments		2,095,392
Deferred Revenue		28,488
Notes Payable		18,195,155
Bond Anticipation Note Payable		1,700,000
Current Portion of Long-Term Debt		<u>604,528</u>
Total Current Liabilities		<u>25,708,823</u>

Noncurrent Liabilities

Serial Bonds Payable	2,780,000
Capital Leases Payable	147,654
Compensated Absences	632,282
Judgements and Claims Payable	3,630,863
Net Pension Liability - Proportionate Share	9,220,834
Post Employment Benefits other than Pensions	<u>31,028,104</u>
Total Noncurrent Liabilities	<u>47,439,737</u>

Total Liabilities	<u>73,148,560</u>
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Deferred Inflows of Resources

Pensions	470,183
Other Post Employment Benefits	<u>7,516,242</u>
Total Deferred Inflows of Resources	<u>7,986,425</u>

Net Position

Invested in Capital Assets, Net of Related Debt	35,346,346
Restricted for Reserves	1,618,137
Unrestricted (Deficit)	<u>(34,345,258)</u>
Total Net Position	<u>2,619,225</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	<u>83,754,210</u>
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See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenditures	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government Support	\$ 2,338,781	\$ 82,509	\$ 1,709,314	\$ 451,345	\$ (95,613)
Public Safety and Health	8,391,837	277,830	-	401,768	(7,712,239)
Transportation	2,524,778	74,394	369,180	-	(2,081,204)
Economic Assistance and Opportunity	18,459	-	-	-	(18,459)
Culture and Recreation	1,692,449	35,000	401,618	-	(1,255,831)
Home and Community Services	3,857,118	5,142,796	146,481	924,261	2,356,420
Interest on Debt	173,187	-	-	-	(173,187)
Total Functions and Programs	\$ 18,996,609	\$ 5,612,529	\$ 2,626,593	\$ 1,777,374	(8,980,113)
General Revenues					
Real Property Taxes					\$ 5,637,344
Real Property Tax Items					293,095
Non-Property Tax Items					4,414,169
Departmental Income					221,739
Use of Money and Property					134,338
Licenses and Permits					45,427
Fines and Forfeitures					18,290
Sale of Property and Compensation for Losses					50,366
Miscellaneous Local Sources					899,105
State Aid not Restricted to Specific Programs					51,223
Total General Revenues					11,765,096
Change in Net Position					2,784,983
Total Net Position - Beginning of Year					(165,758)
Total Net Position - End of Year					\$ 2,619,225

CITY OF OGDENSBURG, NEW YORK

**BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Special Revenue	Capital	Total Governmental Funds
Assets				
Cash - Unrestricted	\$ 3,121,989	\$ 5,089,360	\$ 785,043	\$ 8,996,392
Cash - Restricted	17,534	288,413	1,312,190	1,618,137
Taxes Receivable (Net of Allowance of \$ 350,000)	1,276,214	-	-	1,276,214
Other Receivables	159,887	591,604	-	751,491
State and Federal Receivables	-	-	638,412	638,412
Due from Other Funds	439,358	-	49,000	488,358
Due from Fiduciary Funds	44,248	-	-	44,248
Due from Other Governments	1,900,735	-	-	1,900,735
Prepaid Expenses	232,803	-	-	232,803
	<u>\$ 7,192,768</u>	<u>\$ 5,969,377</u>	<u>\$ 2,784,645</u>	<u>\$ 15,946,790</u>
 Liabilities and Fund Balances				
Accounts Payable	\$ 647,245	\$ 97,620	\$ 1,863,693	\$ 2,608,558
Accrued Liabilities	374,165	62,657	-	436,822
Accrued Interest Payable	39,880	-	-	39,880
Note Payable	-	-	18,195,155	18,195,155
Bond Anticipation Note Payable	-	-	1,700,000	1,700,000
Due to Other Funds	-	360,724	127,634	488,358
Due to Other Governments	2,095,392	-	-	2,095,392
Deferred Revenue	-	28,488	-	28,488
	<u>3,156,682</u>	<u>549,489</u>	<u>21,886,482</u>	<u>25,592,653</u>
 Fund Balances				
Nonspendable	232,803	-	-	232,803
Restricted	17,534	288,413	1,312,190	1,618,137
Assigned	41,125	-	-	41,125
Unassigned	3,744,624	5,131,475	(20,414,027)	(11,537,928)
	<u>4,036,086</u>	<u>5,419,888</u>	<u>(19,101,837)</u>	<u>(9,645,863)</u>
 Total Fund Balances	<u>4,036,086</u>	<u>5,419,888</u>	<u>(19,101,837)</u>	<u>(9,645,863)</u>
 Total Liabilities and Fund Balances	<u>\$ 7,192,768</u>	<u>\$ 5,969,377</u>	<u>\$ 2,784,645</u>	<u>\$ 15,946,790</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, 2020

Fund Balances (Deficit) - Total Governmental Funds		\$ (9,645,863)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.		
		58,773,683
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds Payable		(3,315,000)
Capital Leases		(217,182)
Compensated Absences		(632,282)
Judgements and Claims Payable		(3,630,863)
Pension obligation activity:		
Net pension liability - Proportionate share	(9,220,834)	
Deferred outflows of resources	6,932,815	
Deferred inflows of resources	<u>(470,183)</u>	
		(2,758,202)
Other postemployment benefit activity:		
Total other post employment benefit liability	(31,028,104)	
Deferred outflows of resources	2,589,280	
Deferred inflows of resources	<u>(7,516,242)</u>	
		<u>(35,955,066)</u>
Net Position of Governmental Activities		\$ <u>2,619,225</u>

CITY OF OGDENSBURG, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
REVENUES				
Real Property Taxes	\$ 5,512,344	\$ 125,000	\$ -	\$ 5,637,344
Real Property Tax Items	293,095	-	-	293,095
Non-Property Tax Items	4,414,169	-	-	4,414,169
Departmental Income	366,156	5,149,909	-	5,516,065
Intergovernmental Charges	305,685	2,781	-	308,466
Use of Money and Property	124,768	429	9,140	134,337
Licences and Permits	45,427	-	-	45,427
Fines and Forfeitures	18,290	-	-	18,290
Sale of Property and Compensation for Losses	26,783	23,583	-	50,366
Miscellaneous Local Sources	899,093	401,630	924,262	2,224,985
State Aid	2,400,842	141,391	396,177	2,938,410
Federal Aid	145,472	-	55,167	200,639
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	14,552,124	5,844,723	1,384,746	21,781,593
EXPENDITURES				
General Government Support	2,351,454	180,723	-	2,532,177
Public Safety and Health	8,192,183	-	-	8,192,183
Transportation	1,865,459	-	95,778	1,961,237
Economic Assistance and Opportunity	18,459	-	-	18,459
Culture and Recreation	456,673	934,812	17,507	1,408,992
Home and Community Services	325,614	3,193,542	20,993,753	24,512,909
Employee Benefits	25,102	-	-	25,102
Debt Service: Principal	218,302	285,698	-	504,000
Debt Service: Interest	101,860	71,327	-	173,187
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	13,555,106	4,666,102	21,107,038	39,328,246
Excess (Deficiency) of Revenues Over Expenditures	997,018	1,178,621	(19,722,292)	(17,546,653)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	885,620	589,493	-	1,475,113
Operating Transfers Out	(419,493)	(1,055,620)	-	(1,475,113)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	466,127	(466,127)	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	1,463,145	712,494	(19,722,292)	(17,546,653)
Fund Balance - Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	2,572,941	4,707,394	620,455	7,900,790
Fund Balance - End of Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 4,036,086	\$ 5,419,888	\$ (19,101,837)	\$ (9,645,863)

CITY OF OGDENSBURG, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ (17,546,653)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial, individual cost of more than \$ 10,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on disposal of capital assets.

Capital Outlays	20,990,989	
Depreciation Expense	(1,867,298)	
(Gain) loss on disposal	(18,742)	
Additions to Assets	<u>324,812</u>	
		19,429,761

Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 657,398

(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenue or expenditures in the Governmental Funds. 212,794

(Increases) decreases in judgements and claims payable reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenue or expenditures in the Governmental Funds. (1,845,113)

On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported whereas on the Governmental Funds only the actual expenditures are recorded for post employment benefits. 3,469,327

(Increases) decreases in proportionate share of net pension assets/liabilities, prepaid pension expenditures, and deferred outflows/inflows of resources - pensions reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the Governmental Funds.

Police and Fire Retirement System	(929,410)	
Employees' Retirement System	<u>(663,121)</u>	
		<u>(1,592,531)</u>

Change in Net Position of Governmental Activities \$ 2,784,983

CITY OF OGDENSBURG, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
DECEMBER 31, 2020

	Custodial Funds
Assets	
Cash - Unrestricted	\$ 44,278
Total Assets	\$ 44,278
 Liabilities	
Due to Local Governments	\$ 30
Due to Other Funds	44,248
Total Liabilities	\$ 44,278

CITY OF OGDENSBURG, NEW YORK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
Additions	
Fees Collected for Other Governments	\$ 45
Deductions	
Payments of Fees to Other Governments	<u>45</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Total Net Position - Beginning of Year	<u>-</u>
Total Net Position - End of Year	<u><u>\$ -</u></u>

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020**

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 City 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, 2020

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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (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 30th day of the month collected. Real property taxes not paid within a timely period are generally included in City tax sale proceedings and the City may ultimately take title to parcels in respect to which taxes have not been paid.

Delinquent 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, 2020, real property tax receivables were \$ 1,276,214. Returned school taxes are offset by a liability to the school district in the same amount.

An allowance for uncollectible taxes of \$ 350,000 has been included in the General Fund accounts receivable balance at December 31, 2020. Amounts considered to be uncollectible are based on specific knowledge related to particular parcels.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are shown net, with uncollectible amounts determined by management. No allowance for uncollectible accounts has been recorded in these financial statements since it is believed that such an allowance would not be material.

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.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vested Employee Benefits (Continued)

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

An accrual for accumulated vacation and 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.

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.

Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described above, 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 Statement of Net Position reports amounts for deferred outflows/inflows and liabilities related to OPEB.

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.
- 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.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – Reservations and Designations (Continued)

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 certain reported amounts and disclosures. Accordingly, 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.

Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2021 through September 10, 2021, the date the financial statements were available to be issued, 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.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows / Inflows of Resources Related to Pension and OPEB

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.

Deferred inflows of resources and deferred outflows of resources related to pensions that are derived from the differences between projected and actual earnings on the respective pension plan investments are amortized to pension expense over a closed five-year period. Deferred inflows of resources and deferred outflows of resources related to pensions/Other Post-Employment Benefit (OPEB) that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension/OPEB plan's total pension/OPEB liability are amortized to pension/OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions/OPEB through the respective pension/OPEB plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension/OPEB plan from the employer subsequent to the measurement date of net pension/OPEB liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions/OPEB and amortized over twelve months. This contribution is included as an increase in the respective pension/OPEB plan fiduciary net position in the subsequent fiscal year.

Changes in Accounting Principles

For the fiscal year ended December 31, 2020, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement did not have a cumulative effect on the prior year financial statements.

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.

CITY OF OGDENSBURG, NEW YORK

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (Continued)

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 and Expense 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.

NOTE 3 - CASH AND INVESTMENTS

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.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash on Deposit/Collateral

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 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, 2020, per the banks were \$ 5,572,327. These deposits are categorized as follows:

1	2	3	Total
<u>\$ 250,000</u>	<u>\$ 5,322,327</u>	<u>\$ -</u>	<u>\$ 5,572,327</u>

1. Unrestricted Cash - At December 31, 2020, unrestricted cash consisted of the following:

	<u>Checking Accounts</u>	<u>Savings Account</u>	<u>Petty Cash</u>	<u>Total</u>
General	\$ 3,121,114	\$ -	\$ 875	\$ 3,121,989
Special Revenue				
Community				
Development	-	50,883	-	50,883
Library/ Remington	337,387	-	100	337,487
Sewer	2,448,642	-	-	2,448,642
Water	1,599,145	-	-	1,599,145
Insurance	653,203	-	-	653,203
Capital	<u>785,043</u>	<u>-</u>	<u>-</u>	<u>785,043</u>
Total	<u>\$ 8,944,534</u>	<u>\$ 50,883</u>	<u>\$ 975</u>	<u>\$ 8,996,392</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash on Deposit/Collateral (Continued)

2. Restricted Cash - Restricted cash of \$ 57,792 in the Special Revenue (Insurance) Fund is being held for future unemployment insurance claims, \$ 230,621 in the Community Development Fund is being held for community development projects and \$ 1,312,190 in the Capital Fund is being held for capital projects. The General Fund has restricted cash of \$ 17,534 held for various reserves described in Note 8 - Fund Equity. Total restricted cash is \$ 1,618,137.

3. 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 its cash in cooperation with other participants. At December 31, 2020, the City's share, \$ 7,253,658, 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 and are included in the unrestricted and restricted amounts referred to above. The amount of investments by fund are as follows:

	<u>Amount</u>	
General Fund	\$ 5,859,159	Investment Pool
Capital Projects Fund	1,312,190	Investment Pool
Community Development Fund	<u>82,309</u>	Investment Pool
	<u>\$ 7,253,658</u>	

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	<u>Balance at</u> <u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>12/31/20</u>
Governmental Activities				
Non-Depreciable				
Capital Assets				
Land	\$ 6,776,899	\$ -	\$ -	\$ 6,776,899
Construction in Progress	<u>3,255,528</u>	<u>21,097,014</u>	<u>106,025</u>	<u>24,246,517</u>
Total	<u>10,032,427</u>	<u>21,097,014</u>	<u>106,025</u>	<u>31,023,416</u>
Depreciable				
Capital Assets				
Land Improvements	10,341,926	-	-	10,341,926
Buildings and Improvements	16,147,383	107,500	-	16,254,883
Infrastructure	38,782,104	27,658	-	38,809,762
Machinery and Equipment	18,924,536	63,157	-	18,987,693
Vehicles	<u>5,179,693</u>	<u>126,497</u>	<u>253,318</u>	<u>5,052,872</u>
Total	<u>89,375,642</u>	<u>324,812</u>	<u>253,318</u>	<u>89,447,136</u>
Less: Accumulated Depreciation				
Land Improvements	6,710,683	269,357	-	6,980,040
Buildings and Improvements	8,052,801	310,998	-	8,363,799
Infrastructure	24,689,117	693,764	-	25,382,881
Machinery and Equipment	16,537,230	294,684	-	16,831,914
Vehicles	<u>4,074,316</u>	<u>298,495</u>	<u>234,576</u>	<u>4,138,235</u>
Total	<u>60,064,147</u>	<u>1,867,298</u>	<u>234,576</u>	<u>61,696,869</u>
Depreciable Capital Assets (Net)	<u>29,311,495</u>			<u>27,750,267</u>
Total	<u>\$ 39,343,922</u>			<u>\$ 58,773,683</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Function/Program	
General Governmental Support	\$ 57,201
Public Safety	332,679
Transportation	694,565
Culture and Recreation	299,599
Home and Community	<u>483,254</u>
Total Depreciation	<u>\$ 1,867,298</u>

NOTE 5 - 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, 2020.

<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	4/23/20	\$ 1,700,000	4/23/21	2.09%	<u>\$ 1,700,000</u>

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

<u>Description</u>	<u>Balance at 12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/20</u>
Capital Fund	\$ 2,000,000	\$ 1,700,000	\$ 2,000,000	<u>\$ 1,700,000</u>

Tax Anticipation Notes - General Fund - A tax anticipation note, with an interest rate of 2.75%, was issued on July 30, 2019 for \$ 1,400,000 and matured on July 30, 2020. The City does not have any outstanding tax anticipation notes outstanding at December 31, 2020.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - SHORT-TERM DEBT (Continued)

Due to Other Governments

At December 31, 2020, Due to Other Governments consisted of the following:

Ogdensburg City School District	\$	162,049
St. Lawrence County		825,828
St. Lawrence County Industrial Development Agency		<u>1,107,515</u>
	\$	<u><u>2,095,392</u></u>

NOTE 6 - 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 City 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.

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

Capital Leases - The City has the following capital lease obligations:

- Five-year lease dated December 23, 2018 in the amount of \$ 147,207 with interest at 4.97% per annum and annual payments of \$ 32,954 for the purchase of a 2019 John Deere Trackless MT7 Tractor.
- Five-year lease dated October 28, 2019 in the amount of \$ 212,473 with interest at 3.438% per annum and annual payments of \$ 45,415 for the purchase of a 2019 International Chassis Truck.

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2020 were as follows:

2021	\$	78,367
2022		78,367
2023		<u>78,367</u>
Total Lease Payments		235,101
Less Amount Representing Interest		<u>17,919</u>
Present Value of Future Minimum Lease Payments	\$	<u><u>217,182</u></u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of long-term liabilities outstanding at December 31, 2020:

Serial Bonds – Noncurrent Portion	\$	2,780,000
Capital Leases Payable – Noncurrent Portion		147,654
Compensated Absence		632,282
Judgements and Claims		3,630,863
Net Pension Liability – Proportionate Share		9,220,834
OPEB		<u>31,028,104</u>
Total Long-Term Liabilities		<u>\$ 47,439,737</u>

The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2020.

	Balance at <u>12/31/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/20</u>	Due Within <u>One Year</u>
Serial Bonds	\$ 3,819,000	\$ -	\$ 504,000	\$ 3,315,000	\$ 535,000
Capital Leases	370,580	-	153,398	217,182	69,528
Due to ERS/PFRS	297,846	-	297,846	-	-
Compensated Absences	845,076	-	212,794	632,282	-
Judgements and Claims	1,785,750	1,845,113	-	3,630,863	-
Net Pension Liability	2,740,687	6,480,147	-	9,220,834	-
OPEB	<u>35,108,497</u>	<u>-</u>	<u>4,080,393</u>	<u>31,028,104</u>	<u>-</u>
	<u>\$ 44,967,436</u>	<u>\$ 8,325,260</u>	<u>\$ 5,248,431</u>	<u>\$ 48,044,265</u>	<u>\$ 604,528</u>

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - LONG-TERM DEBT (Continued)

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>Variable Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/2020</u>
Elizabeth Street					
Reconstruction	2012	\$ 1,292,905	2.75%	2023	\$ 381,938
Caroline Street Sewer	2012	42,160	2.75%	2023	12,454
Sewage Treatment Plant	2012	579,699	2.75%	2023	171,249
Water Tower Painting	2012	221,339	2.75%	2023	65,385
Mansion Avenue Transmission	2012	158,097	2.75%	2023	46,703
New Park Recreation Area	2012	210,800	2.75%	2023	62,271
Visitors Center	2016	1,074,500	2.00%	2027	707,800
City Hall	2016	307,200	2.00%	2027	202,400
Redevelopment of Property	2016	303,300	2.00%	2027	199,800
Fire Fighting Vehicle	2018	271,000	5.0%	2028	228,000
Library Improvements	2018	76,000	5.0%	2028	65,000
Ice Surfacing Machine	2018	91,000	5.0%	2028	77,000
Weir Modification & Improvements	2019	349,000	3.0%	2029	325,000
Patterson Street Project	2019	830,000	3.0%	2029	<u>770,000</u>
Sub Total					3,315,000
Current Portion of Long-Term Debt					<u>(535,000)</u>
Noncurrent Portion of Long-Term Debt					<u>\$ 2,780,000</u>

The following tables summarize the City's future debt service requirements as of December 31, 2020:

Serial Bonds

<u>Year End Date</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 535,000	\$ 96,838
2022	550,000	81,138
2023	550,000	65,006
2024	320,000	51,638
2025	330,000	41,900
2026 – 2030	<u>1,030,000</u>	<u>60,138</u>
	<u>\$ 3,315,000</u>	<u>\$ 396,658</u>

Debt Limits

At December 31, 2020, the total outstanding indebtedness of the City aggregated \$ 5,232,182. Of this amount, \$ 4,672,940 was subject to the constitutional debt limit and represented approximately 23.86% of its statutory debt limit.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLES

Interfund receivables and payables at December 31, 2020 were as follows:

Fund Type	Receivables	Payables
General Fund	\$ 439,358	\$ -
Capital Projects	49,000	127,634
Special Revenue		
Community		
Development	-	17,028
Sewer	-	49,000
Library/Remington	-	294,696
	-	294,696
Total	\$ 488,358	\$ 488,358

NOTE 8 - FUND EQUITY

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

Restricted for		
Unemployment Insurance	\$ 57,792	(Insurance Fund)
Community Development Projects	230,621	(CD Fund)
Capital Projects	1,312,190	(Capital Fund)
Asset Forfeiture	17,534	(General)
Total Restricted Fund Balance	\$ 1,618,137	
Unassigned		
General	\$ 3,744,624	
Community Development	(6,139)	
Insurance Reserve	645,451	
Water	1,835,800	
Sewer	2,601,818	
Library/Remington	54,545	
Capital	(20,414,027)	
Total Unassigned Fund Balance	\$ (11,537,928)	

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 \$ 57,792 at December 31, 2020.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 - 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, 2020, the market value of the assets of the plan totaled \$ 6,510,011. 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 10 - 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Descriptions and Benefits Provided (Continued)

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

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, 2020

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Descriptions and Benefits Provided (Continued)

Tiers 3, 4, and 5 (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.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

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.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Descriptions and Benefits Provided (Continued)

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.

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>PFRS</u>	<u>ERS</u>
2020	\$ 861,454	\$ 504,003
2019	\$ 869,044	\$ 570,135
2018	\$ 877,639	\$ 579,911

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - PENSION OBLIGATIONS (Continued)

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

At December 31, 2020, the City reported a liability of \$ 5,736,612 and \$ 3,484,222 for its proportionate share of the net pension liability for PFRS and ERS, respectively. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2020 the City's PFRS proportion was 10.73 %, which was an increase of .25 % from its proportion measured as of December 31, 2019.

At December 31, 2020 the City's ERS proportion was 1.32 %, which was a decrease of .07 % from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$ 929,410 for PFRS and \$ 663,121 for ERS. At December 31, 2020, 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	\$ 381,998	\$ 205,061	\$ 96,088	\$ -
Changes of Assumptions	490,342	70,156	-	60,578
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,583,377	1,786,181	-	-
Changes in Proportion and Difference Between the City's Contributions and Proportionate Share of Contributions	45,556	4,687	244,480	69,037
Employer Contributions Subsequent to the Measurement Date	<u>861,454</u>	<u>504,003</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,362,727</u>	<u>\$ 2,570,088</u>	<u>\$ 340,568</u>	<u>\$ 129,615</u>

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 - PENSION OBLIGATIONS (Continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)

\$ 861,454 and \$ 504,003 reported as deferred outflows of resources related to pensions resulting from the City's contributions to PFRS and ERS, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PFRS	ERS
Year Ended		
2021	\$ 659,895	\$ 315,609
2022	728,987	481,958
2023	945,050	630,283
2024	799,582	508,620
2025	27,191	-
Thereafter	-	-

ACTUARIAL ASSUMPTIONS

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuations used the following actuarial assumptions:

	PFRS	ERS
Interest Rate	2.5%	2.5%
Salary Scale		
Investment Rate of Return (net of investment expense, including inflation)	5.0%	4.2%
Inflation Rate	6.8%	6.8%
	1.3%	1.3%

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-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 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, 2020**

NOTE 10 - PENSION OBLIGATIONS (Continued)

ACTUARIAL ASSUMPTIONS (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 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:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies*	2%	3.25%
Opportunistic Strategies	3%	4.65%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed Bonds	4%	0.50%

The real rate of return is net of the long-term inflation assumption of 2.50 percent.

*Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 6.8% 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, 2020

NOTE 10 - PENSION OBLIGATIONS (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 6.8% 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8)%	Current Assumption (6.8)%	1% Increase (7.8)%
PFRS			
City's Proportionate Share of the Net Pension Asset (Liability)	\$ (10,257,180)	\$ (5,736,612)	\$ (1,688,342)
ERS			
City's Proportionate Share of the Net Pension Asset (Liability)	\$ (6,394,531)	\$ (3,484,222)	\$ (803,815)

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
Employers' Total Pension (Liability)	\$ (35,309,017,000)	\$ (194,596,261,000)	\$ (229,905,278,000)
Fiduciary Net Position	29,964,080,000	168,115,682,000	198,079,762,000
Employers' Net Pension Asset (Liability)	\$ (5,344,937,000)	\$ (26,480,576,000)	\$ (31,825,513,000)
Ration of Plan Net Position to the Employers' Total Pension Asset (Liability)	84.86%	86.39%	86.15%

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

In addition to providing pension benefits, the City provides certain health care benefits for its retirees. The City's OPEB plan is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City provides healthcare benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses.

At December 31, 2020, the following employees were covered by the benefit terms:

Active not eligible to retire	88
Active eligible to retire	10
Inactive employees entitled to but not yet receiving benefit payments	0
Retired and surviving spouses	125
Retired spouses covered	<u>40</u>
	<u>263</u>

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2020; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 31, 2021.

The total OPEB liability in the December 31, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.11%
Salary Increases	3.11%
Discount Rate	2.41 %
Healthcare Cost Trend Rates	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, as appropriate, with adjustments for mortality improvements based on MP-2020, fully generational.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ <u>35,108,497</u>
Changes for the Year	
Service Cost	630,904
Interest	949,060
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	(5,623,961)
Changes in Assumptions of Other Inputs	1,191,746
Benefit Payments	<u>(1,228,142)</u>
Net Changes	<u>(4,080,393)</u>
Balance at December 31, 2020	<u><u>\$ 31,028,104</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2019 to 2.41% in 2020.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41%) or 1-percentage-point higher (3.41%) than the current discount rate:

	1% Decrease (1.41%)	Current (2.41%)	1% Increase (3.41%)
Total OPEB Liability	\$ 36,060,828	\$ 31,028,104	\$ 27,030,069

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 26,758,823	\$ 31,028,104	\$ 36,452,668

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$ 3,469,327. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 6,911,232
Change of Assumptions or Other Inputs	2,279,721	605,010
Employer Contributions Subsequent to the Measurement Date	<u>309,559</u>	<u>-</u>
Total	<u>\$ 2,589,280</u>	<u>\$ 7,516,242</u>

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

December 31, 2021	\$ (3,794,050)
2022	(1,442,471)
Thereafter	<u>-</u>
	<u>\$ (5,236,521)</u>

NOTE 12 - 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, 2020, the City had exhausted 84.53%, of its constitutional tax limit.

NOTE 13 - OPERATING LEASES

As of December 31, 2020, the City leases four vehicles under the terms of a non-cancelable Master Equity Lease Agreement with Enterprise Fleet Management. Rental expense for the year 2020 was \$ 2,162. Minimum annual rentals for each of the remaining years of the lease are:

For fiscal years ended December 31,

2021	\$ 25,939
2022	25,939
2023	25,939
2024	25,939
2025	<u>20,106</u>
	<u>\$ 123,862</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 - OPERATING LEASES (Continued)

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2020 was \$ 12,082. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31,

2021	\$	7,999
2022		3,286
2023		1,753
2024		967
2025		403
		<u>14,408</u>
	\$	<u>14,408</u>

NOTE 14 - 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

The City is currently named as a defendant in court actions. 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 15 - COVID-19 UNCERTAINTY

COVID-19 continues to cause financial market unrest and economic disruptions. The future impact of this event on the City's operations remains unknown.

CITY OF OGDENSBURG, NEW YORK

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
Revenues				
Real Property Taxes	\$ 5,666,720	\$ 5,666,720	\$ 5,512,344	\$ (154,376)
Real Property Tax Items	210,440	210,440	293,095	82,655
Non Property Tax Items	4,007,235	4,007,235	4,414,169	406,934
Departmental Income	443,900	443,900	366,156	(77,744)
Inter-Governmental Charges	296,100	296,100	305,685	9,585
Use of Money and Property	153,660	153,660	124,768	(28,892)
Licenses and Permits	40,985	40,985	45,427	4,442
Fines and Forfeitures	37,300	37,300	18,290	(19,010)
Sale of Property and Compensation for Loss	8,000	8,000	26,783	18,783
Miscellaneous Local Sources	9,300	9,300	899,093	889,793
State Aid	2,367,326	2,504,463	2,400,842	(103,621)
Federal Aid	95,659	95,659	145,472	49,813
	<u>13,336,625</u>	<u>13,473,762</u>	<u>14,552,124</u>	<u>1,078,362</u>
Expenditures				
General Government Support	1,451,808	1,473,912	2,351,454	(877,542)
Public Safety	8,503,578	8,506,166	8,192,183	313,983
Transportation	2,177,859	2,314,996	1,865,459	449,537
Economic Assistance and Opportunity	68,100	68,100	18,459	49,641
Culture and Recreation	652,023	652,023	456,673	195,350
Home and Community Services	384,472	384,472	325,614	58,858
Employee Benefits	10,000	10,000	25,102	(15,102)
Contingency	184,681	159,989	-	159,989
Debt Service	506,231	506,231	320,162	186,069
	<u>13,938,752</u>	<u>14,075,889</u>	<u>13,555,106</u>	<u>520,783</u>
Excess (Deficit) of Revenues over Expenditures	(602,127)	(602,127)	997,018	1,599,145
Other Financing Sources (Uses)				
Operating Transfers In	885,620	885,620	885,620	-
Operating Transfer Out	(419,493)	(419,493)	(419,493)	-
	<u>466,127</u>	<u>466,127</u>	<u>466,127</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures, Encumbrances and Other Financing Sources (Uses)	<u>(136,000)</u>	<u>(136,000)</u>	1,463,145	<u>1,599,145</u>
Fund Balance - Beginning			<u>2,572,941</u>	
Fund Balance - Ending			<u>\$ 4,036,086</u>	

CITY OF OGDENSBURG, NEW YORK

**SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NYSERS PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 505,408	\$ 570,135	\$ 579,911	\$ 632,444	\$ 679,374	\$ 731,222
Contributions in Relation to the Contractually Required Contribution	<u>505,408</u>	<u>570,135</u>	<u>579,911</u>	<u>632,444</u>	<u>679,374</u>	<u>731,222</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 3,691,056	\$ 3,585,532	\$ 3,505,396	\$ 3,501,378	\$ 3,629,300	\$ 3,688,044
Contribution as a Percentage of Covered- Employee Payroll	13.69%	15.90%	16.54%	18.06%	18.72%	19.83%

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

NYSPPRS PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 821,526	\$ 869,044	\$ 877,639	\$ 859,686	\$ 889,920	\$ 935,238
Contributions in Relation to the Contractually Required Contribution	<u>821,526</u>	<u>869,044</u>	<u>877,639</u>	<u>859,686</u>	<u>889,920</u>	<u>935,238</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 3,839,686	\$ 4,446,777	\$ 4,453,011	\$ 4,264,365	\$ 4,190,224	\$ 4,317,194
Contribution as a Percentage of Covered- Employee Payroll	21.40%	19.54%	19.71%	20.16%	21.24%	21.66%

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

CITY OF OGDENSBURG, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION ASSET/LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2020

NYSERS PENSION PLAN

	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.0131576%	0.0138651%	0.0137224%	0.0141729%	0.0141709%	0.0138809%
City's Proportionate Share of the Net Pension Liability (Asset)	3,484,222	982,386	442,881	1,331,716	2,274,475	468,931
City's Covered-Employee Payroll	3,691,056	3,585,532	3,505,396	3,501,378	3,629,300	3,688,044
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	94.40%	27.40%	12.63%	38.03%	62.67%	12.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.39%	96.27%	98.24%	94.70%	90.70%	90.90%

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

NYSPPFRS PENSION PLAN

	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.1073280%	0.1048440%	0.1069600%	0.1023936%	0.1090989%	0.2107100%
City's Proportionate Share of the Net Pension Liability (Asset)	5,736,612	1,758,301	1,081,106	2,122,262	3,230,185	285,607
City's Covered-Employee Payroll	3,839,686	4,446,777	4,453,011	4,264,365	4,190,224	4,317,194
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	149.40%	39.54%	24.28%	49.77%	77.09%	6.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.86%	95.09%	96.93%	93.50%	90.20%	90.20%

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

CIT OF OGDENSBURG, NEW YORK

**SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019	2018
Measurement Date	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB Liability	<u>\$ 31,028,104</u>	<u>\$ 35,108,497</u>	<u>\$ 36,053,109</u>
Service Cost	630,904	629,309	715,319
Interest	949,060	1,362,134	1,438,734
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	(5,623,961)	(4,992,551)	(4,072,256)
Changes of Assumptions or Other Inputs	1,191,746	3,174,065	(2,420,046)
Expected Benefit Payments	<u>(1,228,142)</u>	<u>(1,117,569)</u>	<u>(1,095,228)</u>
Net Change in Total OPEB Liability	(4,080,393)	(944,612)	(5,433,477)
Total OPEB Liability - Beginning	<u>35,108,497</u>	<u>36,053,109</u>	<u>41,486,586</u>
Total OPEB Liability - Ending	<u>\$ 31,028,104</u>	<u>\$ 35,108,497</u>	<u>\$ 36,053,109</u>
Covered Payroll	<u>\$ 8,489,409</u>	<u>\$ 5,790,059</u>	<u>\$ 5,985,184</u>
Total OPEB Liability as a Percentage of Covered Payroll	365.49%	606.36%	602.37%

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

CITY OF OGDENSBURG, NEW YORK

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
DECEMBER 31, 2020**

	<u>Community Development</u>	<u>Insurance Reserve Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Library/ Remington Fund</u>	<u>Totals</u>
Assets						
Cash - Unrestricted	\$ 50,883	\$ 653,203	\$ 1,599,145	\$ 2,448,642	\$ 337,487	\$ 5,089,360
Cash - Restricted	230,621	57,792	-	-	-	288,413
Other Receivables	-	-	4,337	-	37,814	42,151
Water Rate Receivable	-	-	276,903	-	-	276,903
Sewer Rate Receivable	-	-	-	272,550	-	272,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 281,504</u>	<u>\$ 710,995</u>	<u>\$ 1,880,385</u>	<u>\$ 2,721,192</u>	<u>\$ 375,301</u>	<u>\$ 5,969,377</u>
Liabilities						
Accounts Payable	\$ 11,506	\$ 7,752	\$ 29,703	\$ 48,659	\$ -	\$ 97,620
Accrued Liabilities	-	-	14,882	21,715	26,060	62,657
Due to Other Funds	17,028	-	-	49,000	294,696	360,724
Deferred Revenue	28,488	-	-	-	-	28,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>57,022</u>	<u>7,752</u>	<u>44,585</u>	<u>119,374</u>	<u>320,756</u>	<u>549,489</u>
Fund Balance						
Restricted	230,621	57,792	-	-	-	288,413
Unassigned	(6,139)	645,451	1,835,800	2,601,818	54,545	5,131,475
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>224,482</u>	<u>703,243</u>	<u>1,835,800</u>	<u>2,601,818</u>	<u>54,545</u>	<u>5,419,888</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 281,504</u>	<u>\$ 710,995</u>	<u>\$ 1,880,385</u>	<u>\$ 2,721,192</u>	<u>\$ 375,301</u>	<u>\$ 5,969,377</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, 2020**

	Community Development	Insurance Reserve Fund	Water Fund	Sewer Fund	Library/ Remington Fund	Totals
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000
Departmental Income	5,091	-	2,341,240	2,801,556	2,022	5,149,909
Intergovernmental Charges	-	-	-	-	2,781	2,781
Use of Money and Property	382	47	-	-	-	429
Sale of Property and Compensation for Losses	-	23,583	-	-	-	23,583
Miscellaneous Local Sources	12	-	-	-	401,618	401,630
State Aid	141,391	-	-	-	-	141,391
	<u>146,876</u>	<u>23,630</u>	<u>2,341,240</u>	<u>2,801,556</u>	<u>531,421</u>	<u>5,844,723</u>
Expenditures						
General Government Support	-	180,723	-	-	-	180,723
Culture and Recreation	-	-	-	-	934,812	934,812
Home and Community Services	106,063	-	1,521,934	1,565,545	-	3,193,542
Debt Service: Principal	-	-	53,025	225,673	7,000	285,698
Debt Service: Interest	-	-	15,754	51,844	3,729	71,327
	<u>106,063</u>	<u>180,723</u>	<u>1,590,713</u>	<u>1,843,062</u>	<u>945,541</u>	<u>4,666,102</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>40,813</u>	<u>(157,093)</u>	<u>750,527</u>	<u>958,494</u>	<u>(414,120)</u>	<u>1,178,621</u>
Other Financing Sources (Uses)						
Operating Transfers In	-	255,000	-	-	334,493	589,493
Operating Transfers Out	-	-	(514,471)	(541,149)	-	(1,055,620)
	<u>-</u>	<u>255,000</u>	<u>(514,471)</u>	<u>(541,149)</u>	<u>334,493</u>	<u>(466,127)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	40,813	97,907	236,056	417,345	(79,627)	712,494
Fund Balance - Beginning of Year	<u>183,669</u>	<u>605,336</u>	<u>1,599,744</u>	<u>2,184,473</u>	<u>134,172</u>	<u>4,707,394</u>
Fund Balance - End of Year	<u>\$ 224,482</u>	<u>\$ 703,243</u>	<u>\$ 1,835,800</u>	<u>\$ 2,601,818</u>	<u>\$ 54,545</u>	<u>\$ 5,419,888</u>

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



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

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, 2020, 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 10, 2021.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002.

Compliance and Other Matters

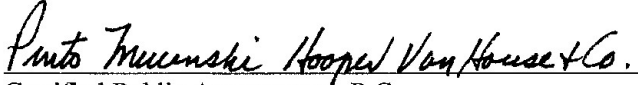
As part of obtaining reasonable assurance about whether the City of Ogdensburg, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

City of Ogdensburg, New York's Response to Findings

City of Ogdensburg, New York's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Ogdensburg, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.


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

September 10, 2021

CITY OF OGDENSBURG, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2020-001

Statement of Condition

The City does not maintain a proper segregation of duties for vendor payments. The same individual enters vendor invoices into the accounting system, maintains vendor invoices, selects vendor invoices for payment, mails checks, and reconciles monthly bank statements.

Criteria

Controls should be in place to assurance that the same individual is not responsible for all aspects of the vendor payment process.

Cause of Condition

A lack of written policies and procedures.

Effect of Condition

A lack of segregation of duties could result in fictitious invoices and improper payments.

Recommendation

We recommend the vendor payment process be modified so the same individual is not performing all steps of the payment process. At a minimum, selected invoices should be approved for payment by management.

Management Response

Management is reorganizing the Comptroller's office to include the reassignment of duties necessary to create a proper segregation of duties necessary to ensure the proper internal controls are in place. Furthermore, the Comptroller's office will document policies and procedures.

CITY OF OGDENSBURG, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020
(Continued)

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2020-002

Statement of Condition

The City does not maintain a proper segregation of duties for the processing of payroll. The same individual enters information into the payroll system, processes the payroll, initiates bank payment and transfer activity, and maintains payroll information.

Criteria

Controls should be in place to provide assurance that the same individual is not responsible for all aspects of the payroll process.

Cause of Condition

A lack of written policies and procedures.

Effect of Condition

A lack of segregation of duties could result in fictitious employees and wages paid at improper amounts.

Recommendation

We recommend the payroll process be modified so the same individual is not performing all steps of the payroll process. Payroll registers should have management approval prior to payment, payroll changes should be approved by management, and banking activity should be made by or approved by management.

Management Response

Management is reorganizing the Comptroller's office to include the reassignment of duties necessary to create a proper segregation of duties necessary to ensure the proper internal controls are in place, and the recommendations above are instituted. In addition, the City is in the process of implementing a time keeping system that will require management approval of all time prior to payment. Policies and procedures of the payroll process will be documented.