

City of Oneonta, New York

Financial Report

December 31, 2014

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Financial Report

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Independent Auditor's Report

Acting Mayor and Members of the Common Council
City of Oneonta, New York
Oneonta, New York

Report on the Financial Statements

We have audited the accompanying regulatory balance sheet of all fund types and account groups of the City of Oneonta, New York (City) as of December 31, 2014, and the related regulatory statement of revenues, expenditures, and changes in fund balance - governmental fund types, statement of revenues, expenditures, and changes in net position - proprietary funds, and statement of cash flows - proprietary funds, and the related notes to the regulatory financial statements for the year then ended, which collectively comprise the City's regulatory 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 and reporting practices permitted by the New York State Office of the State Comptroller. Management is also responsible for 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.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the City on the basis of accounting and reporting practices permitted by the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the governmental and proprietary fund types and account groups of the City as of December 31, 2014, or the changes in financial position of the governmental and proprietary funds fund types, and cash flows of the proprietary funds for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental, proprietary, and fiduciary fund types and account groups of the City of Oneonta, New York, as of December 31, 2014, and the changes in financial position of the governmental and proprietary fund types and cash flows of the proprietary fund types for the year then ended in accordance with the accounting and reporting practices permitted by the New York State Office of the State Comptroller described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The schedule of funding progress on page 33, budgetary comparison information on pages 40 through 45, and combining special revenue fund financial statements on pages 46 and 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of funding progress, budgetary comparison information, and combining special revenue 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provided any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
July 17, 2015

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

As management of the City of Oneonta, New York (City), we offer readers of the City's financial statements - regulatory basis, this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

The City has chosen to prepare its financial statements on the regulatory basis of accounting as permitted by the New York State Office of the State Comptroller. As described in Note 1 to the financial statements, the regulatory basis of accounting varies from accounting principles generally accepted in the United States of America.

For a four-year period (2003 through 2006), the City prepared its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) by preparing its financials under the guidelines of Governmental Accounting Standards Board (GASB) No. 34. However, the City decided to no longer fully implement GASB No. 34 due, in part, to the following reasons:

- The City's Annual Update Document (AUD), which is required to be filed with the New York State Comptroller's Office, is reported on the regulatory basis.
- The requirements needed to fulfill GASB No. 34 created major demands on staff, time, and procedures.
- There was no apparent benefit to the citizenry.
- The City's historical bond rating has not been adversely affected by preparing regulatory financial statements.
- The regulatory financial statements are more easily understood by the reader.
- The regulatory financial statements are consistent with annual budget procedures.

Financial Highlights

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17,363,879, a decrease of \$551,087 in comparison with the prior year. The General Fund increased \$278,369, Special Revenue Funds increased \$385,669, and the Capital Projects fund decreased \$1,173,630. There are a number of capital projects that will be funded by future bond proceeds.
- Once again, the City maintained compliance with the New York State Tax Cap provisions. The City's 2014 tax levy was \$4,515,615, an increase of \$69,799 (1.57%), and the Library's 2014 tax levy was \$407,983, an increase of \$6,029 (1.65%). Refer to Note 12 for further information regarding property taxes.
- The City's total bonds payable decreased by \$665,000 (5.26%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of two components: 1) fund financial statements and budgetary comparisons, and 2) notes to the financial statements. The report contains other supplementary information in addition to the financial statements themselves.

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, 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 can be divided into three categories: governmental, proprietary, and fiduciary funds.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

Overview of the Financial Statements - Continued

Governmental funds: *Governmental funds* are used to account for those activities that are principally supported by taxes and intergovernmental revenues. The City also accounts for the Water and Sewer operations as governmental funds, even though these funds are financed principally through user fees.

The City maintains nine governmental funds: the General Fund, Capital Projects Fund, Permanent Fund, Debt Service Fund, and the Special Revenue Funds which consist of the Water, Sewer, Community Development, Library, and Miscellaneous Special Revenue funds. Governmental fund balance sheets and statements of revenues, expenditures, and changes in fund balances are presented for all funds.

Compliance with the City's General Fund's annual operating budget for the year ended December 31, 2014, is reported in the *Combining Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual* which is found in the *Required Supplementary Information* section of the financial report, along with the combined statements detailing the various special revenue funds.

Proprietary funds: The City maintains two types of proprietary funds. The City uses an *Enterprise Fund* to account for its public transit operations. The *Internal Service Fund* is used to account for a central vehicle/equipment maintenance operation and a central supplies operation. The proprietary fund financial statements can be found in the first section of this report.

Fiduciary funds: Fiduciary funds are used to account for government-held resources that are not available to support the government's own programs, such as employee payroll deductions.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the amounts provided in the fund financial statements.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As Note 11 details, fund balance reporting is comprised of five categories: nonspendable, restricted, committed, assigned, and unassigned. The following details the significant components of the first four categories:

Nonspendable:

- Permanent Fund - restricted donation - \$1,498,742
- Prepaid expenses - \$255,874
- Inventory - \$12,434

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

Financial Analysis of the Government's Funds - Continued

Restricted:

- Capital reserves/projects - \$1,857,624
- Capital Projects Library - \$1,637,753
- Employee benefits - \$438,909
- Community Development Grant Program - \$203,376
- Repair reserve - \$290,956
- Restricted donations - \$394,966
- Sewer Fund - \$881,277
- Special recreation facility - \$347,585
- Crime proceeds - \$14,118
- DBL awareness - \$13,761
- EMS education - \$14,650
- Bonded debt - \$41,606

Committed:

- Capital Projects Library - \$488,566
- Capital Projects - \$1,278,448
- Local Grant Program - \$49,996

Assigned:

- Appropriated for next year's General Fund budget - \$338,454
- Encumbrances to liquidate General Fund contracts/purchase orders - \$83,820
- Water Fund - \$621,210
- Library Fund - \$287,516
- Appropriated for next year's Library Fund budget - \$121,845
- Community landscaping program - \$157,140
- Appropriated for next year's Community landscaping program - \$40,000
- Greenway Trail project - \$19,395
- Appropriated for next year's Greenway Trail project - \$1,520

General Fund: The General Fund is the principal operating fund of the City. As of December 31, 2014, the unassigned fund balance of the General Fund was \$6,846,676, an increase of \$312,537 (4.78%) from the previous year, while the total fund balance was \$10,180,196, an increase of \$278,369 (2.81%) from the previous year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and operating transfers out. Unassigned fund balances represent 46.62% of that amount. The City utilizes a conservative budgeting approach to revenues and expenditures, and practices consistent expenditure controls.

Capital Projects: The Capital Projects Fund accounts for the construction and reconstruction of public improvements. At the end of the current fiscal year, the fund balance was \$2,578,000; this is comprised of \$2,126,319 reserved for a library building project, and a fund balance for all other projects equaling a net of \$451,681, consisting primarily of various city property/buildings, street, and park projects. There are several capital projects with a deficit fund balance which will be financed with future bond proceeds, grants, and contributions from the General Fund.

Permanent Fund: The Permanent Fund is to primarily account for the donation restricted for the "beautification of and non-sports development" of the City Parks, "particularly planting, care and replacement of trees, shrubs, lawns and flowers." The donation must remain intact and the interest earned supports the Miscellaneous Revenue Fund established to support the donor's request.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

Financial Analysis of the Government's Funds - Continued

Debt Service Fund: The Debt Service Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service Funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Water Fund: The Water Fund is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council. At the end of the current fiscal year, the undesignated fund balance was \$621,210 with the total fund balance being \$788,970, an increase of \$46,567 from the previous year.

Sewer Fund: The Sewer Fund is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council. At the end of the current fiscal year, the undesignated fund balance was \$881,277, with the total fund balance being \$1,222,656, an increase of \$183,521.

Community Development Special Revenue Fund: The Community Development Block Grant Fund is a Special Revenue Fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. At the end of the current fiscal year, the fund balance was \$253,372.

Miscellaneous Special Revenue Fund: The Miscellaneous Special Revenue Fund is used to account for restricted donations, or assigned funds authorized by the Council, which benefit the government or its citizenry. As of the end of the current fiscal year, the fund balance consists of the following designations:

- Swart Wilcox - \$48,955
- Parks - \$17,271
- Susquehanna Greenway - \$20,915
- Park Roads - \$6,116
- Community Landscaping - \$197,140
- Youth Programs - \$17,334
- Korean War Memorial - \$3,946
- Animal Shelter - \$9,558
- Trainman Veteran Monument - \$1,500
- Allison Building - \$2,449
- Miller Memorial - \$11,100

Proprietary Funds: The net position of the proprietary funds at the end of the current fiscal year totaled \$1,426,297, a decrease from the previous year of \$67,052.

Library Fund: As detailed in Note 1d, the Library Fund is included as a Special Revenue Fund due to the determination that the Huntington Memorial Library is a component unit of the City. This fund accounts for the revenue and expenditures recognized in the operation of the Library. As of the end of the current fiscal year, the undesignated fund balance was \$287,516, with the total fund balance being \$464,053, an increase of \$1,746.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

Financial Analysis of the Government's Funds - Continued

As described below, the City also reports a non-current governmental asset account group which is used to establish accounting controls for the City's capital assets (land, buildings, improvements, and equipment) used in governmental fund type operations and a non-current governmental liability account group which is used to account for the City's long-term obligations payable from governmental funds which will not be liquidated from current resources.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to \$45,988,625 (net of depreciation for the business-type activities). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. See financial statement Note 6 for a summary of the City's capital assets. As stated in Note 1, the City has elected to prepare its financial statements on the regulatory basis of accounting as permitted by the New York State Office of the State Comptroller for annual reports to that office. In doing so, the City is not required under the accounting practices permitted by the New York State Office of the State Comptroller to report the value of the City's infrastructure and the accumulated depreciation for the governmental funds' capital assets.

Long-Term Debt: The City's outstanding debt, including bonds and notes on December 31, 2014, was \$11,970,000, a decrease of \$665,000, or 5.26% over the prior year. The outstanding debt is backed by the full faith and credit of the City. See financial statement Note 9 for a summary of the City's indebtedness. The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule where possible and funds a significant level of capital expenditures from current funds. The most recent bond rating received was an A+/Stable from Standard & Poor's in connection with the February 2013 Build America Mutual Assurance Company insured bond issue.

Outside of bonded debt of \$11,970,000, the City also entered into a lease agreement in July 2012, with Municipal Leasing Consultants, LLC. This agreement financed the energy performance capital project, which included weatherization, roof repairs, HVAC/lighting systems improvements, a new water meter system, and improvements at the wastewater treatment plant. This lease is for a total of \$3,500,000, with an annual interest rate of 2.84% for a term of 180 months. The December 31, 2014 balance equaled \$3,113,791.

Budgetary Highlights

The City's annual budget, which is prepared on a basis consistent with the one used to account for fund activities throughout the year, includes estimated revenues and annual appropriations for all funds with the exception of the Capital Project Fund, the Community Development Fund, and the Library Fund. The City has developed a five-year capital plan which is included in the annual budget packet. Project-length financial plans are adopted for all Capital Project Funds. The Library Budget is adopted by the Huntington Memorial Library Board. The Community Development Special Revenue Fund is excluded from the annual operating budget due to the multi-year projects of the Community Development Block Grant program. This program is funded by the U.S. Department of Housing and Urban Development which has a separate budget and management process.

The City's principal operating budgets, including general, water, and sewer, increased by \$262,755, or 1.39%, during the fiscal year. The appropriations increases were made to appropriate monies to finance the items described in the financial statement Note 2.a.vi. Comparisons of the amended budget with actual revenues and expenditures for the various funds can be found in the supplementary information section of the audited financial statements.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2014

Statutory Limits: Real Property Tax and Debt

The New York State Constitution restricts the annual real property tax levy for operating expenses to 2% of the average full value of taxable City property over the last five years. For the fiscal year ended December 31, 2014, the City had a legal margin of approximately \$5 million, or 56.85% of its taxing power remaining.

The Constitution also imposes a debt limit of 7% of the most recent five-year average of full valuation of taxable real estate. As of December 31, 2014, the City had a debt margin of approximately \$22.5 million, or 72.39% of its borrowing power remaining.

Economic Factors

The City has been able to maintain a strong economy, primarily due to the employment base of the State University of New York at Oneonta, Hartwick College, A.O. Fox Memorial Hospital, Bassett Hospital, and other not-for-profit, government, and other medical-related employers. The City also has some light manufacturing/industrial employment to supplement the educational and governmental employment base. In addition, the City benefits from tourism activity generated primarily as a result of youth sports camps.

During 2014, as part of the City's continuing plan to address housing needs, the City entered into an agreement with Otsego County, whereby the City was able to purchase two properties that had been foreclosed upon for failure to pay taxes. The City intends to facilitate the rehabilitation of said properties and return them to the tax roll. The City also entered into an agreement with Housing Visions Consultant, Inc., a not-for-profit organization, to facilitate the Affordable Housing Development and Neighborhood Revitalization Program. As part of this program, the City loaned funds to Housing Visions, secured by mortgages, for the acquisition of properties to be rehabilitated.

Also during 2014, two property development projects within the City were completed and have provided significant improvements for the citizenry. One project is the redevelopment of downtown Main Street properties that has provided quality commercial and residential areas while rehabbing the historic facades of the buildings. With completion of another project, students attending local colleges have premier living quarters. Both projects currently have PILOT (payment in lieu of tax) agreements with the City and will eventually be added to the City tax roll.

Requests for Information

This financial report is designed to provide a general overview of the City of Oneonta, New York's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to: Director of Finance, 258 Main Street, Oneonta, New York 13820.

City of Oneonta, New York

Balance Sheet - All Fund Types and Account Groups - Regulatory Basis

December 31, 2014

	Governmental Fund Types					Proprietary Fund Types		Fiduciary Fund Type Agency Funds	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Permanent	Public Transportation	Internal Service Central Garage		Non-current Governmental Asset	Non-current Governmental Liability	
ASSETS											
Cash and cash equivalents	\$ 5,845,246	\$ 1,182,507	\$ 1,073	\$ -	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 7,028,906
Cash and cash equivalents, restricted	2,329,321	1,420,199	3,196,223	41,606	1,498,742	44,465	-	16,608	-	-	8,547,164
Taxes receivable and tax sale certificates	6,519	-	-	-	-	-	-	-	-	-	6,519
Loans receivable, less allowance for uncollectible	-	675,959	-	-	-	-	-	-	-	-	675,959
Other receivables, less allowance for uncollectible	247,330	317,494	-	-	-	47,877	284	-	-	-	612,985
Due from other governments	725,901	474,253	1,032,400	-	-	481,386	-	-	-	-	2,713,940
Due from other funds	1,652,381	-	75,230	-	-	-	-	-	-	-	1,727,611
Inventory	12,435	-	-	-	-	-	311,074	-	-	-	323,509
Prepaid expenses	221,905	33,969	-	-	-	5,970	7,436	-	-	-	269,280
Other assets	-	432,100	-	-	-	-	-	-	-	-	432,100
Capital assets, net of accumulated depreciation	-	-	-	-	-	1,168,589	131,018	-	44,689,018	-	45,988,625
Total non-current governmental liabilities	-	-	-	-	-	-	-	-	-	28,308,311	28,308,311
Total assets	\$ 11,041,038	\$ 4,536,481	\$ 4,304,926	\$ 41,606	\$ 1,498,742	\$ 1,748,367	\$ 449,812	\$ 16,608	\$ 44,689,018	\$ 28,308,311	\$ 96,634,909
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE											
Liabilities											
Accounts payable	\$ 297,818	\$ 236,450	\$ 492,624	\$ -	\$ -	\$ 23,769	\$ 75,344	\$ -	\$ -	\$ -	\$ 1,126,005
Accrued liabilities	361,112	51,372	-	-	-	26,071	13,713	11,238	-	-	463,506
Customer deposits	9,650	-	-	-	-	-	-	-	-	-	9,650
Due to other funds	-	75,230	1,172,314	-	-	411,832	68,235	-	-	-	1,727,611
Due to other governments	1,835	-	25,674	-	-	-	-	-	-	-	27,509
Other payable	-	-	-	-	-	-	-	5,370	-	-	5,370
Accrued employee compensated absences	1,965	-	-	-	-	21,875	21,805	-	-	532,470	578,115
Judgments and claims payable	-	-	-	-	-	-	-	-	-	100,000	100,000
Installment purchase debt	-	-	-	-	-	57,803	45,417	-	-	3,010,571	3,113,791
Bonds payable	-	-	-	-	-	-	-	-	-	11,970,000	11,970,000
Other postemployment benefits	-	-	-	-	-	-	-	-	-	12,695,270	12,695,270
Total liabilities	672,380	363,052	1,690,612	-	-	541,350	224,514	16,608	-	28,308,311	31,816,827
Deferred inflows of resources	188,462	1,108,094	36,314	-	-	6,018	-	-	-	-	1,338,888
Fund balance											
Other											
Total non-current governmental assets	-	-	-	-	-	-	-	-	44,689,018	-	44,689,018
Net position											
Invested in capital assets, net of related debt	-	-	-	-	-	1,148,322	85,600	-	-	-	1,233,922
Restricted	-	-	-	-	-	6,929	-	-	-	-	6,929
Unrestricted	-	-	-	-	-	45,748	139,698	-	-	-	185,446
Fund balance											
Nonspendable	234,339	33,969	-	-	1,498,742	-	-	-	-	-	1,767,050
Restricted	2,676,907	1,732,744	1,685,324	41,606	-	-	-	-	-	-	6,136,581
Committed	-	49,996	1,767,014	-	-	-	-	-	-	-	1,817,010
Assigned	422,274	1,248,626	-	-	-	-	-	-	-	-	1,670,900
Unassigned	6,846,676	-	(874,338)	-	-	-	-	-	-	-	5,972,338
Total fund balance	10,180,196	3,065,335	2,578,000	41,606	1,498,742	1,200,999	225,298	-	44,689,018	-	63,479,194
Total liabilities, deferred inflows, and fund balance	\$ 11,041,038	\$ 4,536,481	\$ 4,304,926	\$ 41,606	\$ 1,498,742	\$ 1,748,367	\$ 449,812	\$ 16,608	\$ 44,689,018	\$ 28,308,311	\$ 96,634,909

See accompanying Notes to Regulatory Financial Statements.

City of Oneonta, New York

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Types - Regulatory Basis

	Year Ended December 31, 2014				Total (Memorandum Only)
	Governmental Fund Types				
	General	Special Revenue	Capital Projects	Debt Service	
REVENUES					
Real property taxes	\$ 4,515,615	\$ 407,983	\$ -	\$ -	\$ 4,923,598
Real property tax items	102,559	-	-	-	102,559
Non-property tax items	4,540,526	-	-	-	4,540,526
Departmental income	1,387,752	3,795,131	-	-	5,182,883
Intergovernmental charges	971,870	438,442	-	-	1,410,312
Use of money and property	34,016	6,604	1,862	-	42,482
Licenses and permits	80,098	-	-	-	80,098
Fines and forfeitures	231,909	-	-	-	231,909
Sale of property and compensation for loss	16,984	277,729	-	-	294,713
Miscellaneous local sources	131,682	237,557	150,000	-	519,239
State aid	2,441,071	42,032	432,000	-	2,915,103
Federal aid	2,127	75,230	202,414	-	279,771
Interfund revenues	360,000	-	-	-	360,000
Total revenues	<u>14,816,209</u>	<u>5,280,708</u>	<u>786,276</u>	<u>-</u>	<u>20,883,193</u>
EXPENDITURES					
General government support	2,607,516	133,273	19,431	-	2,760,220
Public safety	6,578,051	-	-	-	6,578,051
Health	2,591	-	-	-	2,591
Transportation	1,743,790	-	2,365,780	-	4,109,570
Economic assistance	21,516	-	56,841	-	78,357
Culture and recreation	761,168	704,889	38,402	-	1,504,459
Home and community services	190,728	3,199,034	161,396	-	3,551,158
Benefits	1,114,006	154,522	-	-	1,268,528
Debt service, principal	387,541	440,743	-	-	828,284
Debt service, interest	253,823	281,414	-	-	535,237
Total expenditures	<u>13,660,730</u>	<u>4,913,875</u>	<u>2,641,850</u>	<u>-</u>	<u>21,216,455</u>
Excess (deficiency) of revenues over expenditures	<u>1,155,479</u>	<u>366,833</u>	<u>(1,855,574)</u>	<u>-</u>	<u>(333,262)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	148,066	439,915	1,048,707	-	1,636,688
Operating transfers out	(1,025,176)	(421,079)	(366,763)	(41,495)	(1,854,513)
Total other financing sources (uses)	<u>(877,110)</u>	<u>18,836</u>	<u>681,944</u>	<u>(41,495)</u>	<u>(217,825)</u>
Net change in fund balance	<u>278,369</u>	<u>385,669</u>	<u>(1,173,630)</u>	<u>(41,495)</u>	<u>(551,087)</u>
FUND BALANCE, beginning of year	<u>9,901,827</u>	<u>2,679,666</u>	<u>3,751,630</u>	<u>83,101</u>	<u>16,416,224</u>
FUND BALANCE, end of year	<u>\$ 10,180,196</u>	<u>\$ 3,065,335</u>	<u>\$ 2,578,000</u>	<u>\$ 41,606</u>	<u>\$ 15,865,137</u>

See accompanying Notes to Regulatory Financial Statements.

City of Oneonta, New York

Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds - Regulatory Basis

	Year Ended December 31, 2014		
	Public Transportation	Internal Service Central Garage	Total (Memorandum Only)
OPERATING REVENUES			
Charges for services	\$ 670,970	\$ 585,850	\$ 1,256,820
Other transportation departmental income	50,955	-	50,955
State aid	823,981	-	823,981
Federal aid	121,177	-	121,177
Total operating revenues	1,667,083	585,850	2,252,933
OPERATING EXPENSES			
Personal services	609,987	254,138	864,125
Contractual expenses	1,060,054	159,074	1,219,128
Employee benefits	157,010	159,713	316,723
Depreciation	416,572	31,011	447,583
Total operating expenses	2,243,623	603,936	2,847,559
Operating loss	(576,540)	(18,086)	(594,626)
NON-OPERATING REVENUES			
Refund of prior year expenditures	180	-	180
Interfund revenues	11,695	-	11,695
Sale of scrap and excess materials	-	1,181	1,181
State aid capital grants	33,394	-	33,394
Federal aid capital grants	267,154	-	267,154
Interest expense	(2,159)	(1,696)	(3,855)
Total non-operating revenues	310,264	(515)	309,749
Loss before transfers	(266,276)	(18,601)	(284,877)
TRANSFERS			
Operating transfers in	199,224	18,601	217,825
Change in net position	(67,052)	-	(67,052)
NET POSITION, <i>beginning of year</i>	1,268,051	225,298	1,493,349
NET POSITION, <i>end of year</i>	\$ 1,200,999	\$ 225,298	\$ 1,426,297

See accompanying Notes to Regulatory Financial Statements.

City of Oneonta, New York

Statement of Cash Flows - Proprietary Funds - Regulatory Basis

	Year Ended December 31, 2014		
	Public Transportation	Internal Service Central Garage	Total (Memorandum Only)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Cash received from providing services	\$ 718,831	\$ 585,850	\$ 1,304,681
Cash paid for contractual expenses	(1,069,866)	(123,526)	(1,193,392)
Cash paid for personal services and employee benefits	(763,319)	(412,376)	(1,175,695)
Cash received from other operating sources	778,389	-	778,389
	(335,965)	49,948	(286,017)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES			
Repayment of advances from other funds, net	411,832	20,631	432,463
Receipt of transfers from other funds	174,309	-	174,309
Receipts from other sources	11,875	1,181	13,056
	598,016	21,812	619,828
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Increase in restricted cash	38,394	-	38,394
Purchase of fixed assets	(357,056)	(74,354)	(431,410)
Payments of debt	(18,214)	(14,311)	(32,525)
Capital contributed by other funds	24,915	18,601	43,516
Interest expense	(2,159)	(1,696)	(3,855)
	(314,120)	(71,760)	(385,880)
Net decrease in cash and cash equivalents	(52,069)	-	(52,069)
CASH AND CASH EQUIVALENTS, beginning of year	52,149	-	52,149
CASH AND CASH EQUIVALENTS, end of year	\$ 80	\$ -	\$ 80
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ (576,540)	\$ (18,086)	\$ (594,626)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	416,572	31,011	447,583
(Increase) decrease in			
Accounts receivable	8,613	(284)	8,329
Due from other governments	(10,955)	-	(10,955)
Federal and state receivables	(166,770)	-	(166,770)
Inventory	-	(16,204)	(16,204)
Prepaid expenses	1,183	797	1,980
Increase (decrease) in			
Accounts payable and accrued liabilities	(6,450)	50,497	44,047
Deferred inflows	(752)	-	(752)
Accrued compensated absences	(866)	2,217	1,351
	\$ (335,965)	\$ 49,948	\$ (286,017)

See accompanying Notes to Regulatory Financial Statements.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The City of Oneonta, New York (City) was incorporated during 1908 in the County of Otsego. The City is governed by an elected Mayor and Common Council. During 2012, the City established the position of City Manager, who is responsible for the daily administration of the City. The City provides general government support, water and sewer services, police and fire protection, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services.

All governmental activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity with the exception of the Huntington Memorial Library as discussed below.

b. Basis of Presentation

The City has elected to prepare its financial statements on the regulatory basis permitted by the New York State Office of the State Comptroller (OSC) for annual reports submitted to that office. This regulatory basis varies from U.S. GAAP primarily in that under U.S. GAAP:

- Financial statements include two additional statements, the statement of net position and the statement of activities, collectively referred to as the “government-wide” financial statements which are presented on the accrual basis of accounting.
- Fund-based financial statements must be reconciled to the “government-wide” financial statements.
- Capital assets, other than land, are depreciated and reported on the “government-wide” statement of net position at net book value, and depreciation expense is allocated to the major functions on the statement of activities based on the use of the underlying assets.

c. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Financial Reporting Entity

The financial reporting entity consists of: (a) the primary government which is the City of Oneonta, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete as set forth by the Governmental Accounting Standards Board (GASB).

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

d. Financial Reporting Entity - Continued

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Huntington Memorial Library (Library) has been included within the reporting entity as a Special Revenue Fund. This Special Revenue Fund accounts for the revenue and expenditures recognized in the operation of the Library. The Library was originally established in 1893 as the Oneonta Public Library and granted a charter by the State Board of Regents as provided in Article 5 of Education Law. The affairs of the Library were included in the legislation in 1908 that incorporated the City. Actions by the Regents of the State in 1921 and by the Legislature of the State in 1922 changed the name of the Library to the Huntington Memorial Library. The City appoints trustees; levies and collects the taxes for Library purposes; has title to the real property used by the Library; and issues all Library indebtedness which is supported by the full faith and credit of the City.

The following organizations are not part of the City and are thus excluded from the City's financial reporting entity:

i. City School District of the City of Oneonta

The School District was established by an act of the State Legislature which designated a School Board as the governing authority. Members of the School Board are elected directly by the qualified voters of the district. The School Board has responsibility for adopting budgets, levying property taxes, and hiring and firing employees. The operating, debt service, and capital expenditure budgets are financed from taxes levied by the School Board. The School District also receives substantial funds from the state and federal governments and other revenue sources.

ii. The Oneonta Housing Authority

The Oneonta Housing Authority (Authority) was created during 1967 pursuant to an act of the State Legislature, Public Housing Law, Article 13, Title 19. This act provides for the following:

- 1) The purpose of the Authority shall be to implement federal and state housing programs and to provide decent sanitary housing for families of low income.
- 2) The Authority shall be perpetual in duration, and its governing Board shall consist of seven members, five of whom are appointed for staggered five-year terms by the Mayor and two of whom are elected by the residents of the Authority's housing projects for terms of two years.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

d. Financial Reporting Entity - Continued

ii. The Oneonta Housing Authority - Continued

Specific reasons for excluding the Authority from the City's financial reporting entity are as follows: the Authority controls employment of its personnel; the City has no influence over operations; the City has no budgetary authority; the Authority controls surpluses and deficits; the City has no responsibility for the Authority's debt; the Authority controls fiscal management; and no part of the Authority's financing is provided by the City.

e. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Fund financial statements are subdivided into three separate categories: governmental, proprietary, and fiduciary funds. Each category, in turn, is divided into separate "fund types." Governmental funds are used primarily to account for a government's tax-supported (governmental) activities. Proprietary funds are used in connection with a government's business-type (fee-supported) activities. The first proprietary fund is the Public Transportation Fund which is an enterprise fund that the City uses to account for its public transit operations. The second proprietary fund is the Internal Service Fund which is designed to serve as a cost-allocation device. It is the role of the Internal Service Fund to accumulate the costs associated with providing a particular service (vehicle maintenance) and then to charge the various departments for the cost of those services. Fiduciary funds are used to account for government-held resources that are not available to support the government's own programs, such as employee payroll deductions.

The City accounts for the Water and Sewer operations as governmental funds, even though these funds are financed principally through user fees. This is done for budget, purchase order encumbrance, and debt service payment control purposes.

The capital assets and long-term debt balances for the governmental funds are accounted for in two separate account groups. This is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

f. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

f. Basis of Accounting and Measurement Focus - Continued

Governmental funds are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 120 days of the end of the current fiscal period, except for those revenues described below. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax, franchise taxes, grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets and all liabilities are included on the combining balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The City reports the following governmental funds:

General Fund - is the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and the specific revenue sources continue to make up a substantial portion of the inflows reported in the fund. Also, there must be an understanding that money collected will be used for the fund's operations as stated in the charter, local law, or other document. The City's Special Revenue Funds are the:

Community Development Fund - is used to account for Community Development grants, local programs, and related activities.

Water Fund - is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council.

Sewer Fund - is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council.

Library Fund - is used to account for the operation of the public library.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

f. *Basis of Accounting, Measurement Focus* - Continued

Special Revenue Funds - Continued

Miscellaneous Special Revenue Fund - is used to account for restricted donations, or assigned funds authorized by Council, which benefit the government or its citizenry.

Capital Projects Fund - is used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities/assets other than those financed by the Enterprise or Internal Service Funds.

Debt Service Fund - is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service Funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Permanent Fund - is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that benefit the government or its citizenry.

The City reports the following proprietary funds:

Enterprise Fund - Public Transportation - is used to account for the operation of the public transit system. The public transit system is primarily financed through state and federal aid. This would normally classify the public transit fund as a governmental fund. Since depreciation expense is an eligible cost for receiving the state and federal aid and fees are collected for use of the transit system, the City chooses to report the public transit fund as a proprietary fund.

Internal Service Fund - Central Garage - is used to account for the vehicle/equipment maintenance and repairs provided by the Central Garage to other departments. This fund is designed to serve as a cost-allocation device. The role of the Internal Service Fund is to accumulate the costs associated with providing vehicle/equipment maintenance and then charge those departments for the service of maintaining the vehicles/equipment associated with that department.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise and Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports the following fund types and account groups:

Agency Fund - is a fiduciary fund used to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

f. Basis of Accounting, Measurement Focus - Continued

Non-Current Governmental Asset Account Group - is used to establish accounting control for the City's capital assets (land, buildings, improvements, and equipment) used in governmental fund type operations. No depreciation is expended in the governmental funds for governmental capital assets.

Non-Current Governmental Liability Account Group - is used to establish accounting control for the City's long-term obligations payable from governmental funds which will not be liquidated from current resources. Such obligations include long-term debt, compensated absences, the balance due to the New York State Retirement System for past service costs, long-term judgments and claims payable, and other postemployment benefits.

g. Cash, Cash Equivalents, and Investments

Cash resources of the individual funds are combined in a non-interest bearing checking account and various interest bearing demand and time deposits which are managed by the Director of Finance. Interest earned on deposits is allocated to the participating funds based on the average monthly balance in the account. Cash includes amounts in demand deposits as well as short-term investments with maturity dates within one year of the date acquired by the City. New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limits. This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits.

h. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., interfund loans).

All accounts receivable are reported net of an allowance for uncollectibles as described in Note 4.

i. Inventories and Prepaid Items

Inventories are valued at cost using both the first-in/first-out (FIFO) and average inventory value methods.

Within the Internal Service Fund, inventories consist of material and supplies and auto accessories. The initial purchases of inventory items are recorded as assets and are charged to operating funds on an "as used" basis. Expenses are recorded in the operating fund being charged, and inventory (asset) reductions are recorded in the Internal Service Fund.

Within the governmental funds, inventories are recorded as expenditures when they are purchased rather than when consumed, except for jet and aviation fuel. The fuel inventory initial purchases are recorded as inventory and the sales margin revenue, based on average inventory, is recorded at the time of sale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental and proprietary funds, except for items such as insurances, maintenance agreements, dues, and subscriptions.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

j. Restricted Cash

Certain cash balances are restricted because their use is limited. The restricted cash is as follows:

General Fund capital reserve	\$ 1,378,481
General Fund employee benefit reserve	376,069
General Fund repair reserve	290,956
General Fund crime proceeds reserve	14,117
General Fund handicap awareness program	13,761
General Fund EMS training	14,650
General Fund restricted gift	241,287
Community development	297,352
Miscellaneous special revenue	119,095
Water Fund capital equipment reserve	128,250
Water Fund employee benefit reserve	30,849
Sewer Fund	473,891
Sewer Fund capital equipment reserve	303,321
Sewer Fund employee benefit reserve	31,991
Library Fund restricted gifts	35,450
Capital projects	3,196,223
Debt Service	41,606
Permanent	1,498,742
Public Transit Fund capital reserve	44,465
Trust and Agency	16,608
	<hr/>
Total restricted cash	<u>\$ 8,547,164</u>

k. Capital Assets

Capital assets are reported only in the proprietary funds. In the governmental funds, capital acquisition and construction costs are reflected as expenditures, and the related assets are reported in the non-current governmental asset account group. Capital assets, which include property, buildings, improvement other than buildings, and equipment are defined by the City as assets with an initial cost of \$1,000 or more. Such assets are valued at historical cost or at an estimated historical cost where no historical records exist. Donated capital assets are valued at the estimated fair market value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Public domain general fixed assets (infrastructure) consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, and are not capitalized, as these assets are immovable and of value only to the government.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

k. Capital Assets - Continued

Assets in the non-current governmental asset account group are not depreciated. Depreciation of capital assets within the proprietary funds is computed using the straight-line method of depreciation during the useful lives of the related assets, as the following schedule indicates:

<u>Class</u>	<u>Life in Years</u>
Buildings	10-40
Improvements other than buildings	10-20
Equipment	3-30

l. Compensated Absences

Vesting of accumulated leave time is governed by agreements with various employee groups. For governmental fund types, the current portion of leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the governmental fund that will pay it. The long-term portion of leave time is accrued in the non-current governmental liability account group as a non-current liability. For proprietary funds, the full liability is recognized within the fund. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

m. Deferred Outflows/Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow or resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows arise when resources are received by the City before it has legal claim to them, as with property taxes received in advance and when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

Deferred inflows in the Special Revenue Fund represent amounts to be received in future periods as principal repayment of loans to various private companies and individuals. The original sources for these loans were obtained by the City through Community Development Block Grants, the HOME Program, or local programs authorized by the Common Council. The original proceeds of the grants were recorded as revenues. Repayments of the loan principal by private companies and individuals are considered departmental income during the period received which reduces the deferred inflows.

n. Long-Term Liabilities

Long-term debt and other long-term obligations, if any, are reported as liabilities in the proprietary fund financial statements. Excess bond premiums, if any, are deposited in the Debt Service Fund and used to retire debt in the respective funds. Bond issuance costs are reported as an operating expense within the fund that incurred the bondable expense.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

n. Long-Term Liabilities - Continued

Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. The current year's debt principal and interest payments are recognized as expenditures.

o. Fund Balance/Net Position

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose, as established by the Common Council, or by a designated body or official, but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund and Capital Projects Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Common Council, as the highest level of decision-making authority, must take formal action, through a motion or resolution adopted at an official meeting and recorded in the minutes, to authorize or accept any nonspendable, restriction, or commitments of fund balance. In addition, New York State regulations/laws may dictate the accounting for some portion of fund balance, such as Sewer Funds, and certain restricted revenues (DARE, Crime Proceeds, EMS training, etc.). Portions of fund balance reported in the assigned category may be established either by Council approval or through the City's purchasing process. Formal actions taken by the Common Council, such as adoption of the budgets, or approval of motions/resolutions, will require the assignment of fund balance. Also, the City Charter and the City's Purchasing Policy authorize the Director of Finance to assign available funds to specific purposes as appropriate, in conformance with a uniform system of accounts formulated and prescribed by the State Comptroller. The uniform system of accounts requires the Director of Finance to report the GASB 54 fund balance categories.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

o. Fund Balance/Net Position - Continued

See Note 11 for a summary of the City's fund balance as of December 31, 2014.

The following categories are used for net position of the proprietary funds:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Reserved/Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the City or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose. The unrestricted balance for the governmental activities includes the amounts appropriated for the 2014 adopted budgets as reported in the governmental fund balance sheet.

p. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities. Expenditures of such commitments are recorded in the period in which the liability is incurred.

The following encumbrances were included in fund balance as of December 31, 2014:

	General Fund	Capital Project Fund	Water Fund	Sewer Fund	Miscellaneous Special Revenue	Total
Assigned						
General Government Support	\$ 31,622	\$ -	\$ -	\$ -	\$ -	\$ 31,622
Public Safety	42,479	-	-	-	-	42,479
Transportation	9,353	-	-	-	-	9,353
Culture and Recreation	366	-	-	-	-	366
Home and Community Services	-	-	6,405	-	1,000	7,405
	<u>83,820</u>	<u>-</u>	<u>6,405</u>	<u>-</u>	<u>1,000</u>	<u>91,225</u>
Sewer Restricted						
Home and Community Services	-	-	-	19,320	-	19,320
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,320</u>	<u>-</u>	<u>19,320</u>
Capital Projects Restricted						
Catella Well Improvements	-	166,301	-	-	-	166,301
	<u>-</u>	<u>166,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,301</u>
Capital Projects Committed						
Wilber Park Pool Bathhouse	-	5,227	-	-	-	5,227
Greenway Project	-	43,855	-	-	-	43,855
Garage-DPW Roof Replacement	-	15,262	-	-	-	15,262
	<u>-</u>	<u>64,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,344</u>
Capital Projects Unassigned (Deficit)						
Street Reconstruction	-	81,889	-	-	-	81,889
Wilber Park Bridge Replacement	-	140,346	-	-	-	140,346
	<u>-</u>	<u>222,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,235</u>
	<u>\$ 83,820</u>	<u>\$ 452,880</u>	<u>\$ 6,405</u>	<u>\$ 19,320</u>	<u>\$ 1,000</u>	<u>\$ 563,425</u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

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

q. Postemployment Benefits

In addition to providing pension benefits, the City provides health insurance coverage for retired employees and their survivors. Substantially all of the City's employees may become eligible for these benefits if they retire while working for the City. Healthcare benefits are provided through an insurance company whose premiums are based on the benefits provided. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the year ended December 31, 2014, \$1,292,271, including amounts contributed by participating retirees, was paid on behalf of 112 retirees and recorded as an expenditure in various funds of the City. The postemployment fringe benefit costs, including unemployment and any prior year expense, are reported as "Benefits" on the governmental funds' statements of revenues, expenditures, and changes in fund balance. The current year's fringe benefit expenses for active employees are accounted for within each department and, therefore, reported within each activity in the financial statements. Other postemployment benefits are reported in the non-current government liability account group. See Note 8 for additional disclosures required for retiree postemployment benefits other than pensions.

r. Total Column (Memorandum Only)

The columns on the financial statements captioned "memorandum only" indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with regulatory basis accounting practices required by the New York State Office of the State Comptroller (OSC) for annual reports submitted to that office. Such data is not comparable to a consolidation, and interfund eliminations have not been made in aggregation of this data.

s. Adoption of New Accounting Standards

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

There was no significant impact to the City's financial statements as a result of adopting of GASB Statements No. 69 and No. 70 as of January 1, 2014.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 2 - Legal Compliance, Budgets

a. Budgets

Budgets are adopted on a basis consistent with the regulatory basis of accounting required by the New York State Office of the State Comptroller for annual reports submitted to that office. Annual appropriated budgets are adopted for the General, Special Revenue, and Debt Service Funds. Formal budgetary policies are employed for the Special Grant - Special Revenue Fund Types on a project-by-project and grant-by-grant basis, rather than an annual basis. For this reason, no budgetary comparison has been provided. A reconciliation of actual results for the Special Revenue Fund is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance, End of Year
Total funds included in comparison	\$ 5,124,395	\$ 4,856,172	\$ 2,811,963
Funds not included in budget comparison	596,228	478,782	253,372
	\$ 5,720,623	\$ 5,334,954	\$ 3,065,335

All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all Capital Projects Funds.

The City employs the following budgetary procedures:

- i. No later than one week prior to the second regular meeting of the Common Council in November, the City Manager submits a tentative budget to the Common Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all governmental fund types of the City except for the Special Grant Fund and Capital Projects Fund. The tentative budget also includes a five-year capital plan.
- ii. All revisions that alter the tentative budget must be approved by two-thirds vote of the Common Council.
- iii. At least one week before its first regular meeting in December, a public hearing is conducted to obtain taxpayer comments. The Common Council adopts the City budget at its first regular meeting in December by an affirmative majority vote.
- iv. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the projects.
- v. Budgets are prepared for Proprietary Funds primarily to establish the estimated contributions required from other funds.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 2 - Legal Compliance, Budgets - Continued

a. Budgets - Continued

- vi. Budgeted amounts shown are as originally adopted, or as amended by the Common Council and/or the December 31, 2013 outstanding purchase orders. The 2013 outstanding purchase orders modified the 2014 adopted budget by \$63,830 for the General Fund, \$28,823 for the Water Fund, and \$172,183 for the Sewer Fund. Individual amendments were not significant in relation to the original budget except for the following amendments:

General Fund: \$300,000 contribution to the Housing Visions Community Development Project, \$70,000 for the Recaptured City Properties Community Development Project, \$75,000 for the recycled asphalt program, \$130,000 contribution to the Main Street milling and paving capital project, \$12,000 for equipment rental, and \$69,726 to use at the airport.

Water Fund: \$55,000 contribution to the Wells Avenue reconstruction capital project, and \$70,000 contribution for the Public Service Garage Roof Replacement capital project.

Sewer Fund: \$148,000 for RBC repairs at the Wastewater Treatment Plant, \$47,200 for a sewer televising camera, and \$18,838 to install sludge pumps.

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

b. Tax Margin

The City is legally restricted to a tax limit of 2% of the five-year average of the full taxable value of all properties within the City. As of December 31, 2014, the City had a constitutional tax margin of \$5,044,203, or 56.85% of its taxing power.

c. Deficit Fund Balances

Within the Capital Projects Fund, there are six projects that have a deficit fund balance as of December 31, 2014. These projects will be financed with future bonds, grant proceeds, or contributions from the General Fund.

Note 3 - Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

It is the City's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 3 - Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - Continued

	Bank Balance	Category			Carrying Amount
		1	2	3	
<u>Pooled Deposits</u>					
Pooled Cash and Cash Equivalents	\$ 14,032,704	\$ -	\$ 14,032,704	\$ -	\$ 14,081,626
<u>Non-Pooled Deposits</u>					
Non-pooled Cash and Cash Equivalents					
General	1,193,532	-	1,193,532	-	1,193,532
Special Revenue	259,324	-	259,324	-	297,352
Trust and Agency	10,354	-	10,354	-	-
<u>Petty Cash on Hand</u>					
General	-	-	-	3,400	3,400
Special Revenue	-	-	-	80	80
Enterprise	-	-	-	80	80
 Total cash	 <u>\$ 15,495,914</u>	 <u>\$ -</u>	 <u>\$ 15,495,914</u>	 <u>\$ 3,560</u>	 <u>\$ 15,576,070</u>

Note 4 - Receivables

a. Due from Other Governments

General Fund: The General Fund receivable consists primarily of \$712,041 representing November and December 2014 sales tax distributions due from the County of Otsego.

Special Revenue Fund: The Special Revenue Fund receivable consists primarily of \$396,442 due from the Town of Oneonta for 2014 sewer services and \$75,230 due from a Community Development Block Grant.

Capital Project Fund: The Capital Project Fund receivable consists of \$1,032,400 due under various grants, consisting of \$266,649 for the NYS CHIPS grant, \$215,751 for FAA airport grants, and \$550,000 due for the Bresee's Block Redevelopment grant.

Proprietary Fund: The Proprietary Fund receivable consists primarily of \$300,548 due under a NYS DOT grant for the purchase of buses, and \$169,883 due under the NYS STOA grant for bus operations

b. Loans Receivable, Community Development

The City has loaned monies to various companies and individuals under the United States Department of Housing and Urban Development programs, New York State Housing programs, the New York State Small Cities Community Development Block Grant programs, and local community development projects approved by the Common Council.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 4 - Receivables - Continued

b. Loans Receivable, Community Development - Continued

A summary of loans receivable is as follows:

	December 31, 2014
Community Development Block Grants	\$ 208,356
CDBG - First Time Home Owners	328,547
NYS Housing Trust Fund - Home Program	7,139
NYS Small Cities Community Development Block Grant	717
NYS Small Cities CDBG - First Time Home Owners	393,854
Housing Visions	220,000
City Recaptured Properties	18,846
	<u>1,177,459</u>
Less allowances	<u>(501,500)</u>
	<u>\$ 675,959</u>

c. Other Receivables

General Fund: The City fire department provides ambulance service and bills based on service provided. During 2014, the City billed 2,323 calls. The balance of unpaid ambulance bills as of December 31, 2014 equaled \$261,726 and was offset by an allowance for uncollectible accounts of \$103,500. Other receivables also include franchise fees, code enforcement fees, and other miscellaneous receivables considered fully collectible at December 31, 2014, unless otherwise deferred.

Water Fund: The Water Fund receivable consists primarily of \$182,588 for billed water usage. This balance was offset by an allowance for uncollectible accounts of \$10,500.

Sewer Fund: The Sewer Fund receivable consists primarily of \$129,778 for billed sewer rents considered fully collectible at December 31, 2014.

Proprietary Fund: The Proprietary Fund receivable consists primarily of \$47,877 due from various clients for bus services provided through Oneonta Public Transit.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 5 - Interfund Transactions

A summary of interfund receivables and payables reported on the governmental fund financial statements is as follows:

Fund	December 31, 2014	
	Due From Other Funds	Due To Other Funds
General	\$ 1,652,381	\$ -
Special Revenue	-	75,230
Enterprise	-	411,832
Internal Service	-	68,235
Capital Projects	75,230	1,172,314
	\$ 1,727,611	\$ 1,727,611

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	January 1, 2014	Additions	Retirements	December 31, 2014
Land	\$ 1,686,903	\$ -	\$ -	\$ 1,686,903
Buildings	26,035,069	58,931	-	26,094,000
Improvements	8,021,114	278,283	-	8,299,397
Machinery and equipment	14,295,811	789,521	(16,017)	15,069,315
Construction in progress	193,561	72,627	(72,283)	193,905
	50,232,458	1,199,362	(88,300)	51,343,520
Less accumulated depreciation	(4,907,313)	(447,582)	-	(5,354,895)
	\$ 45,325,145	\$ 751,780	\$ (88,300)	\$ 45,988,625

A summary of capital assets by reporting unit is as follows:

	Governmental	Public Transportation	Internal Service	Total
Land	\$ 1,675,653	\$ 5,963	\$ 5,287	\$ 1,686,903
Buildings	24,140,033	1,750,035	203,932	26,094,000
Improvements	8,099,182	128,669	71,546	8,299,397
Machinery and equipment	10,580,245	4,162,825	326,245	15,069,315
Construction in progress	193,905	-	-	193,905
	44,689,018	6,047,492	607,010	51,343,520
Less accumulated depreciation				
Building	-	(1,420,257)	(169,458)	(1,589,715)
Improvements	-	(83,140)	(35,773)	(118,913)
Machinery and equipment	-	(3,375,506)	(270,761)	(3,646,267)
	-	(4,878,903)	(475,992)	(5,354,895)
	\$ 44,689,018	\$ 1,168,589	\$ 131,018	\$ 45,988,625

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 7 - Retirement Systems

a. Plan Description

The City participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (collectively, the Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244, or found at <http://www.osc.state.ny.us/retire/publications/index.php>.

b. Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System on or after July 27, 1976, who generally contribute 3% of their salary for the first ten years of service 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, and on or after April 1, 2012 (ERS and PFRS) who generally contribute between 3% and 6% (based on annual wage) for the entire length of service.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

The required contributions for the current year and the two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2014	\$ 679,199	\$ 873,268
2013	663,577	956,054
2012	679,793	852,864

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

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 7 - Retirement Systems - Continued

b. Funding Policy - Continued

Chapter 260 of the Laws of New York State changed the annual payment due date for employers that participate in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The December 15 payment due date changed to February 1. The covered salary period (April 1 - March 31) will not change for the calculation. The City continues to make payment on December 15.

Effective January 1, 2005, the City elected to provide the additional pension benefits of Section 384(e) of the Retirement and Social Security Law for any member of its Fire Department who is enrolled in the 20-year plan 384(d) of the Retirement and Social Security Law. The past service cost approximated \$469,000, of which the final payment of \$64,900 was made in 2014 and charged to expenses in the General Fund in the current fiscal year.

Note 8 - Postemployment Benefits Other Than Pensions

Plan Description - The City administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for continuation of medical insurance benefits for certain retirees and their families and can be amended by action of the City subject to applicable collective bargaining and employment agreements. Employees covered include the employees of the CSEA, PBA, Firefighters, Sergeant's Association, non-union administration, and non-represented employees. The Plan is open to new entrants. The Plan is subject to good faith collective bargaining between the City and these covered employees. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy - The obligations of the Plan members, employers, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City. For the year ended December 31, 2014, the City contributed \$1,675,000 (expected) to the Plan. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$206,579 for the year ended December 31, 2014.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount expected to be contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution and OPEB expense	\$ 3,425,337
Contributions made (estimated) (actual was \$1,292,271)	<u>(1,675,000)</u>
Increase in net OPEB obligation	1,750,337
Net OPEB obligation, <i>beginning of year</i>	<u>10,944,933</u>
Net OPEB obligation, <i>end of year</i>	<u><u>\$ 12,695,270</u></u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 8 - Postemployment Benefits Other Than Pensions - Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years ended December 31, 2014, 2013, and 2012, was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 3,425,337	48.90%	\$ 12,695,270
12/31/2013	3,401,314	39.90%	10,944,933
12/31/2012	3,309,008	41.00%	8,900,619

Funded Status and Funding Progress. As of December 31, 2014, the actuarial accrued liability for benefits was \$42,402,728, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,754,195, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 627.80%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active CSEA and Administration plan members were assumed to retire from age fifty-five to seventy. PBA, Sergeants, and Firefighter plan members are assumed to retire with a range of twenty to forty nine years of service.

Marital Status - 80% of employees were assumed married. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

Mortality - Life expectancies are based on RP 2000 mortality tables for males and females.

Turnover - The Ultimate Turnover Rates from the Vaughn table were used as the basis for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums is assumed as follows with the actual trend experienced from 2012 to 2014:

Year	Under Age 65	Age 65 and Older
2012	0.90%	-7.90%
2013	8.00%	7.00%
2014	7.00%	6.50%
2015	6.00%	6.00%
2016+	5.00%	5.00%

Health Insurance Premiums - 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a thirty-year period.

Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b/a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b/a)/c)
12/31/2014		\$42,402,728	\$42,402,728	0.00%	\$ 6,754,195	627.80%
12/31/2013	-	39,847,906	39,847,906	0.00%	6,687,511	595.86%
12/31/2012	-	38,484,692	38,484,692	0.00%	6,514,599	590.75%

Note 9 - Indebtedness

A summary of the changes in the City's indebtedness is as follows:

	Year Ended December 31, 2014					Total
	Unbilled Retirement	Bonds	Installment Purchase Debt	Compensated Absences	Judgments and Claims Payable	
Payable, <i>beginning of year</i>	\$ 64,700	\$ 12,635,000	\$ 3,309,600	\$ 543,903	\$ 120,000	\$ 16,673,203
Additions	-	-	-	34,212	-	34,212
Retirements	(64,700)	(665,000)	(195,809)	-	(20,000)	(945,509)
Payable, <i>end of year</i>	<u>\$ -</u>	<u>\$ 11,970,000</u>	<u>\$ 3,113,791</u>	<u>\$ 578,115</u>	<u>\$ 100,000</u>	<u>\$ 15,761,906</u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 9 - Indebtedness - Continued

A summary of the City's indebtedness under bonds payable, by fund, is as follows:

Description	Issue Date	Original Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2014
<u>General Fund</u>					
Streets/Parking Garage	Mar-05	\$ 2,410,000	4-4.125%	Mar-22	\$ 1,345,000
Recreation/Equipment/Street	May-08	1,271,000	4-4.125%	May-28	991,500
Streets/Equipment	May-10	1,080,000	3.75-4.0%	May-30	945,500
Streets/Parking Lot/Garage	Feb-13	2,370,284	2.125-3.0%	Feb-32	<u>2,295,000</u>
Total General Fund					<u>5,577,000</u>
<u>Water Fund</u>					
Water Distribution/Plant	May-08	495,000	4-4.125%	May-28	387,000
Water Distribution	May-10	100,000	3.75-4.0%	May-30	87,500
Water Distribution/Mixers/MIOX	Feb-13	1,546,530	2.125-3.0%	Feb-32	1,501,000
Water Distribution	Jul-13	480,000	3.34-4.45%	Jan-22	<u>435,000</u>
Total Water Fund					<u>2,410,500</u>
<u>Sewer Fund</u>					
Sanitary Sewers	May-08	220,000	4-4.125%	May-28	171,500
Wastewater Treatment/ Sanitary Sewers	May-10	1,425,000	3.75-4.0%	May-30	1,247,000
Wastewater Treatment	Nov-12	1,145,000	5.37-6.18%	May-24	985,000
Sanitary/Barscreen/Digester	Feb-13	1,628,186	2.125-3.0%	Feb-32	<u>1,579,000</u>
Total Sewer Fund					<u>3,982,500</u>
Total Governmental Funds					<u>\$ 11,970,000</u>

Aggregate annual debt service of bonds payable is as follows:

	<u>Principal</u>	<u>Interest</u>
<u>Governmental Funds</u>		
For the year ending December 31,		
2015	\$ 715,000	\$ 356,902
2016	725,000	335,181
2017	750,000	312,228
2018	780,000	288,294
2019	805,000	263,790
2020 through 2024	3,935,000	940,773
2025 through 2029	2,995,000	445,059
2030 through 2032	<u>1,265,000</u>	<u>52,625</u>
	<u>\$ 11,970,000</u>	<u>\$ 2,994,852</u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 9 - Indebtedness - Continued

The following bond issues were authorized by the Common Council but unissued as of December 31, 2014:

Resolution Date	Amount Authorized	Purpose
March 18, 2014	\$ 225,000	Wilber Park Lower Pedestrian Bridge
March 18, 2014	\$ 675,000	Street Reconstruction
July 15, 2014	\$ 500,000	Street Reconstructiton

At December 31, 2014, the legal debt limit for the City was \$31,052,532, and the debt margin was \$22,478,032.

All significant bond covenants have been complied with.

During 2012, the City entered into a long-term installment purchase contract for \$3,500,000 to fund various energy performance improvements. A summary of the City's indebtedness under installment purchase debt payable, by fund, is as follows:

Description	Issue Date	Original Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2014
<u>General Fund</u>					
Weatherization and energy efficiency improvements	Jul-12	\$ 1,249,150	2.84%	Jul-27	\$ 1,093,811
<u>Water Fund</u>					
Weatherization and energy efficiency improvements	Jul-12	1,842,378	2.84%	Jul-27	1,699,435
<u>Sewer Fund</u>					
Weatherization and energy efficiency improvements	Jul-12	<u>241,102</u>	2.84%	Jul-27	<u>217,325</u>
Total Governmental Funds		<u>\$ 3,332,630</u>			<u>\$ 3,010,571</u>
<u>Public Transportation</u>					
Weatherization and energy efficiency improvements	Jul-12	93,727	2.84%	Jul-27	\$ 57,803
<u>Internal Service Central Garage</u>					
Weatherization and energy efficiency improvements	Jul-12	<u>73,643</u>	2.84%	Jul-27	<u>45,417</u>
Total Proprietary Funds		<u>\$ 167,370</u>			<u>\$ 103,220</u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 9 - Indebtedness - Continued

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

	<u>Principal</u>	<u>Interest</u>
For the year ending December 31,		
2015	\$ 201,369	\$ 88,432
2016	207,088	82,713
2017	212,973	76,828
2018	219,017	70,783
2019	225,237	64,563
2020 through 2024	1,225,847	223,155
2025 through 2027	<u>822,260</u>	<u>47,141</u>
	<u>\$ 3,113,791</u>	<u>\$ 653,615</u>

Note 10 - Deferred Compensation Plan

The employees of the City may elect to participate in the New York State Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 11 - Fund Balance

A summary of the City's fund balance as of December 31, 2014, is as follows:

	General Fund	Capital Projects	Water Fund	Sewer Fund	Library Fund	Community Development Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	Permanent Fund	Total (Memorandum Only)
Nonspendable										
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,498,742	\$ 1,498,742
Inventory	12,434	-	-	-	-	-	-	-	-	12,434
Prepaid expenses	221,905	-	8,660	6,067	19,242	-	-	-	-	255,874
Total nonspendable fund balance	<u>234,339</u>	<u>-</u>	<u>8,660</u>	<u>6,067</u>	<u>19,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,498,742</u>	<u>1,767,050</u>
Restricted										
Bonded debt	-	-	-	-	-	-	-	41,606	-	41,606
Capital	1,378,481	47,571	128,251	303,321	-	-	-	-	-	1,857,624
Capital, library	-	1,637,753	-	-	-	-	-	-	-	1,637,753
Crime proceeds	14,118	-	-	-	-	-	-	-	-	14,118
DBL awareness	13,761	-	-	-	-	-	-	-	-	13,761
Employee benefits	376,069	-	30,849	31,991	-	-	-	-	-	438,909
EMS education	14,650	-	-	-	-	-	-	-	-	14,650
Grant programs	-	-	-	-	-	203,376	-	-	-	203,376
Repairs	290,956	-	-	-	-	-	-	-	-	290,956
Restricted gifts	241,287	-	-	-	35,450	-	118,229	-	-	394,966
Sewer Fund	-	-	-	881,277	-	-	-	-	-	881,277
Special recreation facility	347,585	-	-	-	-	-	-	-	-	347,585
Total restricted fund balance	<u>2,676,907</u>	<u>1,685,324</u>	<u>159,100</u>	<u>1,216,589</u>	<u>35,450</u>	<u>203,376</u>	<u>118,229</u>	<u>41,606</u>	<u>-</u>	<u>6,136,581</u>
Committed										
Capital projects	-	1,278,448	-	-	-	-	-	-	-	1,278,448
Capital project, library	-	488,566	-	-	-	-	-	-	-	488,566
Local grant program	-	-	-	-	-	49,996	-	-	-	49,996
Total committed fund balance	<u>-</u>	<u>1,767,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,817,010</u>
Assigned										
Appropriated assigned	338,454	-	-	-	121,845	-	41,520	-	-	501,819
Community landscaping program	-	-	-	-	-	-	-	-	-	-
Encumbrances	83,820	-	-	-	-	-	-	-	-	83,820
Greenway project	-	-	-	-	-	-	-	-	-	-
Unappropriated	-	-	621,210	-	287,516	-	176,535	-	-	1,085,261
Total assigned fund balance	<u>422,274</u>	<u>-</u>	<u>621,210</u>	<u>-</u>	<u>409,361</u>	<u>-</u>	<u>218,055</u>	<u>-</u>	<u>-</u>	<u>1,670,900</u>
Unassigned										
Capital projects	-	(874,338)	-	-	-	-	-	-	-	(874,338)
Capital projects expenditures	-	-	-	-	-	-	-	-	-	-
Unrestricted fund balance	6,846,676	-	-	-	-	-	-	-	-	6,846,676
Total unrestricted fund balance	<u>6,846,676</u>	<u>(874,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,972,338</u>
Total fund balance	<u>\$ 10,180,196</u>	<u>\$ 2,578,000</u>	<u>\$ 788,970</u>	<u>\$ 1,222,656</u>	<u>\$ 464,053</u>	<u>\$ 253,372</u>	<u>\$ 336,284</u>	<u>\$ 41,606</u>	<u>\$ 1,498,742</u>	<u>\$ 17,363,879</u>

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 12 - Property Taxes

The City's property taxes are levied annually on or before December 31 of each year for the ensuing calendar year commencing on January 1. Real property values upon which taxes are levied are established as of July 1 of each year. Taxes for City and Library purposes are levied with the County of Otsego taxes as a single tax bill that is due and payable on January 1 and becomes delinquent on February 1. Pursuant to an intermunicipal agreement with the County of Otsego, the City collects taxes during the four-month collection period from January 1 through April 30. The first monies received are used to satisfy the total tax levies of the City and the Library; moneys received in excess to satisfy these levies are remitted to the County. In the event insufficient moneys are received to satisfy the City and Library levies, the County pays the City and Library an amount necessary to satisfy the balance of their levies. At the end of the four-month collection period, all unpaid taxes are returned to the County of Otsego for enforcement.

For the year ended December 31, 2014, the tax rates were as follows:

City	\$14.3129 per thousand of assessed value
Library	\$1.2690 per thousand of assessed value

Note 13 - Commitments and Contingencies

a. Leases

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the City's account groups. Currently, the City is not obligated under any lease agreement with a term extending beyond December 31, 2014, except for the lease agreement for rental of a tractor for the Oneonta Airport totaling \$46,004 through May 2018 and the lease agreement for rental of real property for Oneonta Public Transit totaling \$36,504 through the year 2016.

Total rent expenditures for all operating leases, except those with terms of a month or less, were \$46,098 for the year ended December 31, 2014. Total rent expenditures, including those with terms of a month or less (primarily short-term rental of public works equipment) were \$81,058 for the year ended December 31, 2014.

b. Grants

The City received grants during 2014 in excess of \$2,000,000 which are subject to audit by certain agencies of New York State and the federal government. Such audits could possibly result in disallowances and a request for return of funds. The City's administration believes disallowances, if any, will be immaterial.

c. Litigation

There is a pending action in Federal District Court against the City alleging the violation of the constitutional rights of an individual and a corporation. The City believes that there is no merit to this action, and it is being vigorously defended by the City through its insurance carrier. However remote, if any damages were ultimately awarded to the plaintiffs that are attributed to the City and arising from the portion of this lawsuit alleging the violation of constitutional rights, those damages would not be covered by the City's insurance policy and would have to be paid from general funds.

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

City of Oneonta, New York

Notes to Regulatory Financial Statements December 31, 2014

Note 14 - Subsequent Events

The City has evaluated subsequent events for potential recognition or disclosure through July 17, 2015, the date the financial statements were available to be issued.

Note 15 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. This statement addresses an issue regarding the application of the transition provisions of statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement are to be adopted simultaneously with Statement 68.

Management has not estimated the extent of potential impact of these statements on the City's financial statements.

City of Oneonta, New York

Supplementary Information - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund - Regulatory Basis

	Year Ended December 31, 2014					
	2014 Adopted Budget	2014 Modified Budget	Difference vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	2015 Adopted Budget
REVENUES						
Real property taxes	\$ 4,515,615	\$ 4,515,615	\$ -	\$ 4,515,615	\$ -	\$ 4,563,588
Real property tax items	98,330	98,330	-	102,559	4,229	124,925
Non-property tax items	4,554,017	4,554,017	-	4,540,526	(13,491)	4,537,750
Departmental income	1,219,550	1,236,840	17,290	1,387,752	150,912	1,306,550
Intergovernmental charges	971,991	971,991	-	971,870	(121)	1,001,000
Use of money and property	46,100	46,100	-	34,016	(12,084)	35,200
Licenses and permits	59,400	59,400	-	80,098	20,698	59,400
Fines and forfeitures	317,500	317,500	-	231,909	(85,591)	250,000
Sale of property/compensation for loss	16,500	16,500	-	16,984	484	16,500
Miscellaneous local sources	47,000	52,400	5,400	131,682	79,282	32,000
Interfund revenues	361,500	361,500	-	360,000	(1,500)	361,500
State aid	2,399,097	2,416,472	17,375	2,441,071	24,599	2,429,097
Federal aid	-	-	-	2,127	2,127	-
Interfund transfers	-	7,814	7,814	148,066	140,252	-
Total revenues	<u>14,606,600</u>	<u>14,654,479</u>	<u>47,879</u>	<u>14,964,275</u>	<u>309,796</u>	<u>14,717,510</u>
EXPENDITURES						
General government support	2,917,047	2,838,929	78,118	2,607,516	231,413	2,899,362
Public safety	6,884,689	6,927,731	(43,042)	6,578,051	349,680	6,741,720
Public health	2,750	2,750	-	2,591	159	2,750
Transportation	1,831,775	2,039,419	(207,644)	1,743,790	295,629	1,888,475
Economic assistance and opportunity	4,250	23,705	(19,455)	21,516	2,189	4,150
Culture and recreation	806,768	852,507	(45,739)	761,168	91,339	733,835
Home and community services	203,500	231,622	(28,122)	190,728	40,894	306,900
Benefits	1,170,500	1,170,500	-	1,114,006	56,494	1,197,500
Debt service, principal	387,560	387,560	-	387,541	19	429,000
Debt service, interest	255,710	255,710	-	253,823	1,887	213,300
Interfund transfers	850,051	1,350,051	(500,000)	1,025,176	324,875	638,972
Total expenditures	<u>15,314,600</u>	<u>16,080,484</u>	<u>(765,884)</u>	<u>14,685,906</u>	<u>1,394,578</u>	<u>15,055,964</u>
Excess (deficiency) of revenues over expenditures	(708,000)	(1,426,005)	(718,005)	278,369	1,704,374	(338,454)
FUND BALANCE, beginning of year	<u>9,901,827</u>	<u>9,901,827</u>	<u>-</u>	<u>9,901,827</u>	<u>-</u>	<u>10,180,196</u>
FUND BALANCE, end of year	<u>\$ 9,193,827</u>	<u>\$ 8,475,822</u>	<u>\$ (718,005)</u>	<u>\$ 10,180,196</u>	<u>\$ 1,704,374</u>	<u>\$ 9,841,742</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Combined Special Revenue Fund Types - Regulatory Basis

Combined Special Revenue Fund Types (Excluding Community Development Fund - Note 2)	Year Ended December 31, 2014					
	2014 Adopted Budget	2014 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	2015 Adopted Budget
REVENUES						
Real property taxes	\$ 407,983	\$ 407,983	\$ -	\$ 407,983	\$ -	\$ 414,555
Departmental income	3,497,500	3,497,500	-	3,715,973	218,473	3,560,500
Intergovernmental charges	297,000	297,000	-	438,442	141,442	297,000
Use of money and property	6,575	6,575	-	6,589	14	5,725
Sale of property/compensation for loss	113,500	124,060	10,560	239,904	115,844	113,000
Miscellaneous local sources	161,375	166,949	5,574	237,557	70,608	166,825
State aid	4,500	4,500	-	8,032	3,532	4,000
Interfund transfers	-	28,420	28,420	69,915	41,495	-
Total revenues	4,488,433	4,532,987	44,554	5,124,395	591,408	4,561,605
EXPENDITURES						
General government support	334,042	292,074	41,968	133,273	158,801	190,000
Culture and recreation	692,869	720,107	(27,238)	704,889	15,218	784,220
Home and community services	2,477,678	3,023,653	(545,975)	2,795,482	228,171	2,592,713
Benefits	164,000	156,567	7,433	154,522	2,045	184,300
Debt service, principal	440,785	440,785	-	440,743	42	453,940
Debt service, interest	281,495	281,495	-	281,414	81	229,275
Interfund transfers	210,000	405,000	(195,000)	345,849	59,151	300,772
Total expenditures	4,600,869	5,319,681	(718,812)	4,856,172	463,509	4,735,220
Excess (deficiency) of revenues over expenditures	(112,436)	(786,694)	(674,258)	268,223	1,054,917	(173,615)
FUND BALANCE, beginning of year	2,543,740	2,543,740	-	2,543,740	-	2,811,963
FUND BALANCE, end of year	\$ 2,431,304	\$ 1,757,046	\$ (674,258)	\$ 2,811,963	\$ 1,054,917	\$ 2,638,348

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Miscellaneous Special Revenue Fund - Regulatory Basis

	Year Ended December 31, 2014					2015 Adopted Budget
	2014 Adopted Budget	2014 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Use of money and property	\$ 2,075	\$ 2,075	\$ -	\$ 1,405	\$ (670)	\$ 1,525
Sale of property and compensation for loss	-	10,560	10,560	124,790	114,230	-
Miscellaneous local sources	8,975	8,975	-	25,306	16,331	9,325
Total revenues	11,050	21,610	10,560	151,501	129,891	10,850
EXPENDITURES						
Culture and recreation	26,880	28,400	(1,520)	15,752	12,648	22,620
Home and community services	65,000	115,560	(50,560)	99,360	16,200	40,000
Total expenditures	91,880	143,960	(52,080)	115,112	28,848	62,620
Excess (deficiency) of revenues over expenditures	(80,830)	(122,350)	(41,520)	36,389	158,739	(51,770)
FUND BALANCE, beginning of year	299,895	299,895	-	299,895	-	336,284
FUND BALANCE, end of year	\$ 219,065	\$ 177,545	\$ (41,520)	\$ 336,284	\$ 158,739	\$ 284,514

City of Oneonta, New York

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

	Year Ended December 31, 2014					2015 Adopted Budget
	2014 Adopted Budget	2014 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Departmental income	\$ 1,851,500	\$ 1,851,500	\$ -	\$ 1,943,497	\$ 91,997	\$ 1,884,500
Use of money and property	500	500	-	621	121	500
Sale of property/compensation for loss	-	-	-	2,466	2,466	-
Miscellaneous local sources	-	-	-	46	46	-
Interfund transfers	-	7,814	7,814	39,006	31,192	-
Total revenues	1,852,000	1,859,814	7,814	1,985,636	125,822	1,885,000
EXPENDITURES						
General government support	121,000	92,007	28,993	91,548	459	121,000
Water administration	227,950	224,050	3,900	223,698	352	278,400
Source of supply, wells	14,350	13,550	800	13,508	42	19,500
Source of supply, dams	1,300	27,920	(26,620)	26,240	1,680	1,300
Purification	600,350	593,388	6,962	584,562	8,826	640,725
Laboratory	34,500	29,376	5,124	26,665	2,711	55,500
Transmission and distribution	286,600	349,529	(62,929)	346,085	3,444	267,150
Benefits	69,000	64,067	4,933	64,037	30	77,800
Debt service, principal	196,525	196,525	-	196,502	23	217,540
Debt service, interest	135,425	135,425	-	135,375	50	110,575
Interfund transfers	165,000	290,000	(125,000)	230,849	59,151	95,510
Total expenditures	1,852,000	2,015,837	(163,837)	1,939,069	76,768	1,885,000
Excess (deficiency) of revenues over expenditures	-	(156,023)	(156,023)	46,567	202,590	-
FUND BALANCE, beginning of year	742,403	742,403	-	742,403	-	788,970
FUND BALANCE, end of year	\$ 742,403	\$ 586,380	\$ (156,023)	\$ 788,970	\$ 202,590	\$ 788,970

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sewer Fund - Regulatory Basis

	Year Ended December 31, 2014					
	2014 Adopted Budget	2014 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	2015 Adopted Budget
REVENUES						
Departmental income	\$ 1,625,500	\$ 1,625,500	\$ -	\$ 1,758,125	\$ 132,625	\$ 1,660,500
Intergovernmental charges	255,000	255,000	-	396,442	141,442	255,000
Use of money and property	500	500	-	632	132	500
Sale of property/compensation for loss	110,000	110,000	-	110,203	203	110,000
Miscellaneous local sources	-	-	-	64	64	-
Interfund transfers	-	20,606	20,606	30,909	10,303	-
Total revenues	<u>1,991,000</u>	<u>2,011,606</u>	<u>20,606</u>	<u>2,296,375</u>	<u>284,769</u>	<u>2,026,000</u>
EXPENDITURES						
General government support	213,042	200,067	12,975	41,725	158,342	69,000
Sewer administration	223,270	238,212	(14,942)	223,255	14,957	274,670
Sanitary sewers	107,225	154,775	(47,550)	118,905	35,870	58,775
Wastewater treatment	917,133	1,277,293	(360,160)	1,133,204	144,089	956,693
Benefits	95,000	92,500	2,500	90,485	2,015	106,500
Debt service, principal	244,260	244,260	-	244,241	19	236,400
Debt service, interest	146,070	146,070	-	146,039	31	118,700
Interfund transfers	45,000	115,000	(70,000)	115,000	-	205,262
Total expenditures	<u>1,991,000</u>	<u>2,468,177</u>	<u>(477,177)</u>	<u>2,112,854</u>	<u>355,323</u>	<u>2,026,000</u>
Excess (deficiency) of revenues over expenditures	-	(456,571)	(456,571)	183,521	640,092	-
FUND BALANCE, beginning of year	<u>1,039,135</u>	<u>1,039,135</u>	<u>-</u>	<u>1,039,135</u>	<u>-</u>	<u>1,222,656</u>
FUND BALANCE, end of year	<u>\$ 1,039,135</u>	<u>\$ 582,564</u>	<u>\$ (456,571)</u>	<u>\$ 1,222,656</u>	<u>\$ 640,092</u>	<u>\$ 1,222,656</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund - Regulatory Basis

	Year Ended December 31, 2014					2015 Adopted Budget
	2014 Adopted Budget	2014 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2014 Actual	Variance With Actual vs. Modified Positive (Negative)	
REVENUES						
Real property taxes	\$ 407,983	\$ 407,983	\$ -	\$ 407,983	\$ -	\$ 414,555
Departmental income	20,500	20,500	-	14,351	(6,149)	15,500
Intergovernmental charges	42,000	42,000	-	42,000	-	42,000
Use of money and property	3,500	3,500	-	3,931	431	3,200
Sale of property/compensation for loss	3,500	3,500	-	2,445	(1,055)	3,000
Miscellaneous local sources	152,400	157,974	5,574	212,141	54,167	157,500
State aid	4,500	4,500	-	8,032	3,532	4,000
Total revenues	<u>634,383</u>	<u>639,957</u>	<u>5,574</u>	<u>690,883</u>	<u>50,926</u>	<u>639,755</u>
EXPENDITURES						
Culture and recreation	665,989	691,707	(25,718)	689,137	2,570	761,600
Excess (deficiency) of revenues over expenditures	(31,606)	(51,750)	(20,144)	1,746	53,496	(121,845)
FUND BALANCE, <i>beginning of year</i>	<u>462,307</u>	<u>462,307</u>	<u>-</u>	<u>462,307</u>	<u>-</u>	<u>464,053</u>
FUND BALANCE, <i>end of year</i>	<u>\$ 430,701</u>	<u>\$ 410,557</u>	<u>\$ (20,144)</u>	<u>\$ 464,053</u>	<u>\$ 53,496</u>	<u>\$ 342,208</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Combining Balance Sheet - Special Revenue Funds - Regulatory Basis

	December 31, 2014					
	Miscellaneous Special Revenue	Community Development	Water	Sewer	Public Library	Total 2014
ASSETS						
Cash and cash equivalents	\$ 234,497	\$ -	\$ 519,573	\$ -	\$ 428,437	\$ 1,182,507
Cash and cash equivalents, restricted	119,095	297,352	159,099	809,203	35,450	1,420,199
Loans receivable, net of allowance	-	675,959	-	-	-	675,959
Other receivables, net of allowance	-	1,889	172,088	143,517	-	317,494
Due from other governments	-	76,861	950	396,442	-	474,253
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	8,660	6,067	19,242	33,969
Other assets	-	432,100	-	-	-	432,100
Total assets	\$ 353,592	\$ 1,484,161	\$ 860,370	\$ 1,355,229	\$ 483,129	\$ 4,536,481
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 17,308	\$ 47,500	\$ 52,924	\$ 116,916	\$ 1,802	\$ 236,450
Accrued liabilities	-	-	18,441	15,657	17,274	51,372
Retained percentages	-	-	-	-	-	-
Due to other funds	-	75,230	-	-	-	75,230
Total liabilities	17,308	122,730	71,365	132,573	19,076	363,052
DEFERRED INFLOWS OF RESOURCES	-	1,108,059	35	-	-	1,108,094
FUND BALANCE						
Nonspendable	-	-	8,660	6,067	19,242	33,969
Restricted for						
Capital reserves	-	-	128,251	303,321	-	431,572
Employee benefits	-	-	30,849	31,991	-	62,840
Restricted donations	118,229	-	-	-	35,450	153,679
Grant program	-	203,376	-	-	-	203,376
Sewer Fund	-	-	-	881,277	-	881,277
Committed	-	49,996	-	-	-	49,996
Assigned						
Appropriated	41,520	-	-	-	121,845	163,365
Unappropriated	176,535	-	621,210	-	287,516	1,085,261
Total fund balance	336,284	253,372	788,970	1,222,656	464,053	3,065,335
Total liabilities, deferred inflows, and fund balance	\$ 353,592	\$ 1,484,161	\$ 860,370	\$ 1,355,229	\$ 483,129	\$ 4,536,481

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds - Regulatory Basis

	Year Ended December 31, 2014					
	Miscellaneous Special Revenue	Community Development	Water	Sewer	Public Library	Total
REVENUES						
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ 407,983	\$ 407,983
Departmental income	-	79,158	1,943,497	1,758,125	14,351	3,795,131
Intergovernmental charges	-	-	-	396,442	42,000	438,442
Use of money and property	1,405	15	621	632	3,931	6,604
Fines and forfeitures	-	-	-	-	-	-
Sale of property and compensation for loss	124,790	37,825	2,466	110,203	2,445	277,729
Miscellaneous local sources	25,306	-	46	64	212,141	237,557
State aid	-	34,000	-	-	8,032	42,032
Federal aid	-	75,230	-	-	-	75,230
Total revenues	<u>151,501</u>	<u>226,228</u>	<u>1,946,630</u>	<u>2,265,466</u>	<u>690,883</u>	<u>5,280,708</u>
EXPENDITURES						
General government support	-	-	91,548	41,725	-	133,273
Economic assistance	-	-	-	-	-	-
Culture and recreation	15,752	-	-	-	689,137	704,889
Home and community services	99,360	403,552	1,220,758	1,475,364	-	3,199,034
Employee benefits	-	-	64,037	90,485	-	154,522
Debt service, principal	-	-	196,502	244,241	-	440,743
Debt service, interest	-	-	135,375	146,039	-	281,414
Total expenditures	<u>115,112</u>	<u>403,552</u>	<u>1,708,220</u>	<u>1,997,854</u>	<u>689,137</u>	<u>4,913,875</u>
Excess (deficiency) of revenues over expenditures	<u>36,389</u>	<u>(177,324)</u>	<u>238,410</u>	<u>267,612</u>	<u>1,746</u>	<u>366,833</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	370,000	39,006	30,909	-	439,915
Operating transfers out	-	(75,230)	(230,849)	(115,000)	-	(421,079)
Total other financing sources (uses)	<u>-</u>	<u>294,770</u>	<u>(191,843)</u>	<u>(84,091)</u>	<u>-</u>	<u>18,836</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>36,389</u>	<u>117,446</u>	<u>46,567</u>	<u>183,521</u>	<u>1,746</u>	<u>385,669</u>
FUND BALANCE, beginning of year	<u>299,895</u>	<u>135,926</u>	<u>742,403</u>	<u>1,039,135</u>	<u>462,307</u>	<u>2,679,666</u>
FUND BALANCE, end of year	<u>\$ 336,284</u>	<u>\$ 253,372</u>	<u>\$ 788,970</u>	<u>\$ 1,222,656</u>	<u>\$ 464,053</u>	<u>\$ 3,065,335</u>

See Independent Auditor's Report.