

CITY OF OGDENSBURG
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2018

CITY OF OGDENSBURG, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Ogdensburg, New York's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of December 31, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11, budgetary comparison information on page 52, schedule of contributions on page 53, schedule of proportionate share of the net pension liability on page 54, and schedule of changes in the total OPEB liability and related ratios on page 55, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

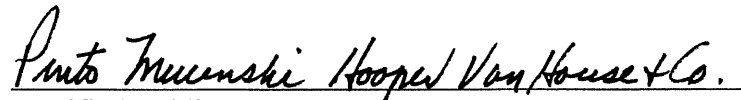
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogdensburg, New York's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of the City of Ogdensburg, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ogdensburg, New York's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ogdensburg, New York's internal control over financial reporting and compliance.

Handwritten signature of Pmto Trucinski in cursive script.

Certified Public Accountants, P.C.

October 7, 2019

The City of Ogdensburg (the City) offers this discussion and analysis for the fiscal year ending December 31, 2018. Please read along with the City's financial statements which include the notes to the financial statements.

1. FINANCIAL HIGHLIGHTS

With the *new* accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; total liabilities and deferred inflows of resources of the City exceeded total assets and deferred outflows of resources by \$ 4,097,534.

For the year, total revenues for the City were \$ 19,502,356, while total expenses were \$ 18,283,340. The net of the revenues and expenses leaves the City with a net increase of \$ 1,219,016.

At the end of the year, total unassigned fund balance for the General Fund was \$ 2,128,502 up from \$ 1,051,456 in the prior year. The unassigned fund balance at the end of 2018 represents 16.3% of total general fund expenditures (including transfers out) for the year.

Total outstanding long term indebtedness for the City at the end of the year was \$ 4,969,107 up from \$ 4,271,794 at the end of 2017.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – The government-wide financial statements are intended to provide the reader with a broad overview of the financial condition of the City that closely matches the reporting format of most private-sector companies. The Statement of Net Position and the Statement of Activities provides information about the activities of the City as a whole and presents a longer-term view of the City's finances.

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

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

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

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

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

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

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

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

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

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

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

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net Position may serve as a useful indicator of a government’s financial position over time. For the year ending December 31, 2018, the City of Ogdensburg’s liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ 4,097,534.

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

CITY OF OGDENSBURG’S NET POSITION

	Governmental Activities	
	2018	2017 (Restated)
Current Assets	\$ 12,254,635	\$ 9,998,728
Noncurrent Assets	39,992,753	41,071,140
Total Assets	52,247,388	51,069,868
Deferred Outflows of Resources	4,739,733	4,081,591
Total Assets and Deferred Outflows of Resources	\$ 56,987,121	\$ 55,151,459
Current Liabilities	\$ 6,577,876	\$ 6,825,333
Noncurrent Liabilities	45,964,276	53,628,166
Total Liabilities	52,542,152	60,453,499
Deferred Inflows of Resources	8,542,503	684,018
Net Position		
Invested in Capital Assets, Net of Related Debt	31,841,428	34,078,431
Restricted	1,543,018	431,914
Unrestricted (Deficit)	(37,481,980)	(40,463,129)
Total Net Position	(4,097,534)	(5,952,784)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 56,987,121	\$ 55,151,459

The remaining category of unrestricted net position, when positive, may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. At December 31, 2018, the City had a deficit balance of \$ (36,951,003).

Total net position of the City's governmental activities for the year ending December 31, 2018 was \$ (4,097,534).

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

**CITY OF OGDENSBURG
CHANGE IN NET POSITION**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues		
Charges for Services	\$ 5,770,394	\$ 5,182,311
Operating Grants and Contributions	2,668,621	2,790,111
Capital Grants and Contributions	986,581	424,627
General Revenues		
Property Taxes	5,182,273	5,148,944
Sales and Other Taxes	4,276,049	4,085,981
Government Aid	64,466	44,099
Other	<u>553,972</u>	<u>449,645</u>
Total Revenues	<u>19,502,356</u>	<u>18,125,718</u>
Expenses		
General Government	1,361,399	1,701,514
Public Safety	7,385,173	8,803,458
Transportation	2,741,120	2,347,898
Economic Assistance and Opportunity	14,600	15,675
Culture and Recreation	1,836,188	2,010,625
Home and Community	4,122,888	3,706,100
Debt Service	<u>185,738</u>	<u>178,709</u>
Total Expense	<u>17,647,106</u>	<u>18,763,979</u>
Increase (Decrease) in Net Position	1,855,250	(638,261)
Net Position – Beginning, as restated	<u>(5,952,784)</u>	<u>(5,314,523)</u>
Net Position - Ending	<u>\$ (4,097,534)</u>	<u>\$ (5,952,784)</u>

The City's total revenues for the year were \$ 19,502,356 versus total expenses of \$ 17,647,106. For the year, the City's net position increased by \$ 1,855,250 to bring total net position of the primary government of the City to \$ (4,097,534).

Governmental Activities

The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 26.6% of the total revenues while sales taxes were 21.9% of revenues.

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

In the General Fund under public safety and health, the police department and fire department expenses for the year totaled \$ 3,847,373 (49%) and \$ 3,652,282 (47%), of the total for public safety and health, respectively.

Home and community total overall expenses for the year were \$ 4,580,255. Costs associated with operating the water fund were \$ 1,507,508 or (33%) of the total while the sewer fund costs were \$ 1,594,353 or (35%) of the total.

In 2017 our overall retirement bill was \$ 1,662,531. The 2016 bill was \$ 1,569,294. In 2018 we were scheduled to pay \$ 1,469,423. However, the actual bill was \$ 11,873 lower than the scheduled bill. The City applied this budgeted difference to the amortization balances, thus lowering the City's amortization costs. The cost of the retirement bill is apportioned to each department and therefore is not shown as Employee Benefits separately.

Depreciation expense is \$ 2,080,159 for 2018.

THE CITY'S FUNDS - Governmental Funds

- 1) General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$ 2,128,502 and the total fund balance was \$ 2,226,467. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year ending December 31, 2018, unassigned fund balances represent 16.3% of total fund expenditures (including transfers out), while total fund balance was 18.0% of the same amount. The total fund balance of the City's General Fund increased by \$ 1,087,122 or 95.4% during the current fiscal year.
- 2) Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases. At the end of the current fiscal year, the fund balance showed a negative balance of \$ (3,070,066).
- 3) Special Revenue Fund – The special revenue fund for the City is made up of the following individual funds: Community Development Fund, Water Fund, Sewer Fund, Library/Museum Fund, and Self-Insurance Fund. The Community Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$ 4,715,933.

Components of December 31, 2018 fund balance are as follows:

Reserved	
Community Development	\$ 223,390
Insurance Reserve	<u>57,769</u>
Total Reserved Special Revenue Fund Balance	<u>281,159</u>
Unassigned	
Community Development	(17,992)
Insurance Reserve	464,763
Water	1,578,529
Sewer	2,234,314
Library/Remington	<u>175,160</u>
Total Unassigned Special Revenue Fund Balance	<u>4,434,774</u>
Total Special Revenue Fund Balance	<u>\$ 4,715,933</u>

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

4. BUDGETARY HIGHLIGHTS

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

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

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

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

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

5. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental activities as of December 31, 2018, amounted to \$ 39,992,753 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the fiscal year 2018 included:

• Waste Water Treatment Plant Upgrade	\$ 620,557
• Strategic Demolition Project	\$ 391,571
• EMS Vehicle	\$ 99,622
• Paterson Street Reconstruction	\$ 98,245
• City Hall Window Replacement	\$ 77,075
• Depreciation Expense for the Year	\$ 2,080,159

A capital asset recap as of December 31, 2018 is as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 6,776,899	\$ 6,776,899
Construction in Progress	2,422,747	1,626,870
Land Improvements	10,341,926	10,341,926
Building and Improvements	16,068,747	15,676,284
Infrastructure	38,770,910	39,347,001
Machinery and Equipment	18,912,670	18,572,522
Vehicles	<u>4,956,418</u>	<u>4,978,442</u>
Total	98,250,317	97,319,944
Less: Accumulated Depreciation	<u>58,257,564</u>	<u>56,248,804</u>
Net Capital Assets	<u>\$ 39,992,753</u>	<u>\$ 41,071,140</u>

Long-Term Debt

A recap of long-term as of December 31, 2018 is as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Bond Anticipation Notes	\$ 4,937,524	\$ 3,769,992
Tax Anticipation Notes	1,600,000	1,800,000
Serial Bonds Notes	3,043,000	2,970,000
Leases Payable	<u>170,801</u>	<u>252,717</u>
	9,751,325	8,792,709
Less Current Portion	<u>4,782,218</u>	<u>4,520,915</u>
Total Long-Term Debt	<u>\$ 4,969,107</u>	<u>\$ 4,271,794</u>

The New York State Constitution establishes a debt limit of 7% of the most recent five-year average valuation of taxable real estate in the City. Certain properties in the City are exempt from taxable status, which comprised approximately 60% of the total property value in the City. At December 31, 2018, the total indebtedness subject to its Constitutional Debt limit was \$ 2,928,878 or 15.37% of its limit.

Moody's Investors Service has upgraded the City's general obligation limited tax (GOLT) rating in 2019 to Ba1 positive from Ba1 negative after the Fiscal Y/E 2018 unaudited financial data noting improved fiscal management which has achieved material growth in liquidity and reserves.

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

In 2018, the City issued a Tax Anticipation Note (TAN) for \$ 1,600,000. This will be paid off in 2019.

6. ECONOMIC FACTORS

Cerebral Palsy of the North Country received site plan approval in early 2016 to open a new clinic in the City. The 15,000 sq. ft. medical clinic will employ 40 new employees in the City's downtown core in a formerly vacant manufacturing building. The facility has completed its' renovations and is set to open in late summer of 2019.

The Ogdensburg airport completed an expansion of its terminal and runway in the fall of 2016. The expansion qualified the airport to be reclassified from a class II index A to a class I index B facility. Class I airports accommodate all types of aircraft designed for at least 31 passenger seats. As a result of this expansion, Allegiant Air started providing non-stop flight service to popular Florida destinations including Orlando and Tampa. The Ogdensburg Bridge and Port Authority (OBPA) had anticipated 40,000 passengers annually as a result of the expansion and announced in October 2018 they had exceeded their goal by officially welcoming its 100,000 passenger since the Airport expansion. Another Airline, SkyWest Airlines was awarded an Essential Air Service Contract beginning in May 2019 and is providing 50 passenger United Express non-stop daily service to Chicago and Washing D.C., which will complement the existing Allegiant Air service to Florida.

Defelsko, a U.S. manufacturer of Coating Thickness Gauges and Inspection Instruments has completed a 25,000 SF expansion in the City's industrial park. 25 new jobs have been created as a result of the expansion.

Comtest Networks, the leading supplier of DSL splitters in North America, has hired 20 employees over two-years, exceeding job growth projections.

ANSEN Corp., 830 Proctor Ave., is an electric manufacturer specializing in circuit board assembly. The facility underwent a 40,000 SF expansion to include upper level electronics assembly, including Ephesus Lighting. This expansion created 45 new jobs in addition to the 200 previously employed by the company.

North American Forest Group, Inc. (NAFG) acquired the former ACCO property located at 263 Acco Drive in November 2018. The 143,000 SF former manufacturing site will be used as a sawmill/wood products warehousing and distribution facility. Over the next two years the business plans to provide 20 new jobs.

7. REQUEST FOR INFORMATION

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

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

CITY OF OGDENSBURG, NEW YORK

**STATEMENT OF NET POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets

Cash		
Cash - Unrestricted	\$	5,752,868
Cash - Restricted		1,543,018
Receivables		
Taxes Receivable (Net of Allowance of \$ 4,703)		2,167,867
Accounts and Other Receivables (Net)		1,469,105
State and Federal Receivables		527,431
Due from Fiduciary Funds		11,345
Due from Other Governments		471,406
Prepaid Expenses		<u>311,595</u>
Total Current Assets		12,254,635

Noncurrent Assets

Capital Assets (Net)		<u>39,992,753</u>
Total Assets		52,247,388

Deferred Outflows of Resources

Deferred Outflows - Pensions		<u>4,739,733</u>
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Total Assets and Deferred Outflows of Resources	\$	<u><u>56,987,121</u></u>
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Liabilities

Current Liabilities

Accounts Payable	\$	372,604
Accrued Liabilities		90,000
Accrued Interest Payable		97,339
Due to Other Governments		1,168,940
Deferred Revenue		66,775
Bond Anticipation Note Payable		2,695,001
Tax Anticipation Note Payable		1,600,000
Current Portion of Long-Term Debt		<u>487,217</u>
Total Current Liabilities		<u>6,577,876</u>

Noncurrent Liabilities

Bond Anticipation Note Payable		2,242,523
Serial Bonds Payable		2,640,000
Capital Leases Payable		86,584
Due to Employee Retirement System		122,250
Compensated Absences		835,750
Judgements and Claims Payable		2,460,073
Net Pension Liability - Proportionate Share		1,523,987
Post Employment Benefits other than Pensions		<u>36,053,109</u>
Total Noncurrent Liabilities		<u>45,964,276</u>

Total Liabilities		<u>52,542,152</u>
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Deferred Inflows of Resources

Deferred Inflows - Pension		3,673,277
Deferred Inflows - OPEB		<u>4,869,226</u>
Total Deferred Inflows of Resources		<u>8,542,503</u>

Net Position

Invested in Capital Assets, Net of Related Debt		31,841,428
Restricted for Reserves		1,543,018
Unrestricted (Deficit)		<u>(37,481,980)</u>
Total Net Position		<u>(4,097,534)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	<u><u>56,987,121</u></u>
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See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenditures	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Government Activities
General Government Support	\$ 1,361,399	\$ 177,112	\$ 1,740,457	\$ 642,763	\$ 1,198,933
Public Safety and Health	7,385,173	355,964	-	343,818	(6,685,391)
Transportation	2,741,120	108,453	444,461	-	(2,188,206)
Economic Assistance and Opportunity	14,600	-	-	-	(14,600)
Culture and Recreation	1,836,188	35,000	381,242	-	(1,419,946)
Home and Community Services	4,122,888	5,093,865	102,461	-	1,073,438
Interest on Debt	185,738	-	-	-	(185,738)
Total Functions and Programs	\$ 17,647,106	\$ 5,770,394	\$ 2,668,621	\$ 986,581	\$ (8,221,510)
General Revenues					
Real Property Taxes					\$ 5,182,273
Real Property Tax Items					178,638
Non Property Tax Items					4,097,411
Departmental Income					257,888
Use of Money and Property					101,888
Licenses and Permits					47,770
Fines and Forfeitures					35,415
Gain on Disposal of Fixed Assets					67,879
Miscellaneous Local Sources					43,132
State Aid not Restricted to Specific Programs					64,466
Total General Revenues					10,076,760
Change in Net Position					1,855,250
Total Net Position - Beginning of Year, as Restated					(5,952,784)
Total Net Position - December 31					\$ (4,097,534)

CITY OF OGDENSBURG, NEW YORK

**BALANCE SHEETS - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
Assets				
Cash - Unrestricted	\$ 2,074,023	\$ 3,345,441	\$ 333,404	\$ 5,752,868
Cash - Restricted	97,965	281,159	1,163,894	1,543,018
Taxes Receivable (Net of Allowance of \$ 4,703)	2,167,867	-	-	2,167,867
Other Receivables (Net)	147,125	1,309,804	12,176	1,469,105
State and Federal Receivables	-	18,381	509,050	527,431
Due from Other Funds	336,076	277,969	49,000	663,045
Due from Fiduciary Funds	11,345	-	-	11,345
Due from Other Governments	421,406	50,000	-	471,406
Prepaid Expenses	262,476	-	-	262,476
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,518,283</u>	<u>\$ 5,282,754</u>	<u>\$ 2,067,524</u>	<u>\$ 12,868,561</u>
 Liabilities and Fund Balances				
Accounts Payable	\$ 146,989	\$ 115,549	\$ 110,066	\$ 372,604
Accrued Liabilities	-	-	90,000	90,000
Accrued Interest Payable	97,339	-	-	97,339
Tax Anticipation Note Payable	1,600,000	-	-	1,600,000
Bond Anticipation Note Payable	-	-	4,937,524	4,937,524
Due to Other Funds	278,548	384,497	-	663,045
Due to Fiduciary Funds	-	-	-	-
Due to Other Governments	1,168,940	-	-	1,168,940
Deferred Revenue	-	66,775	-	66,775
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>3,291,816</u>	<u>566,821</u>	<u>5,137,590</u>	<u>8,996,227</u>
 Fund Balances				
Restricted	97,965	281,159	1,163,894	1,543,018
Unassigned	2,128,502	4,434,774	(4,233,960)	2,329,316
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,226,467</u>	<u>4,715,933</u>	<u>(3,070,066)</u>	<u>3,872,334</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 5,518,283</u>	<u>\$ 5,282,754</u>	<u>\$ 2,067,524</u>	<u>\$ 12,868,561</u>

See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Total Governmental Funds	Long-Term Assets - Liabilities	Reclassifications and Eliminations	Statement of Net Positon Totals
ASSETS				
Cash				
Unrestricted	\$ 5,752,868	\$ -	\$ -	\$ 5,752,868
Restricted	1,543,018	-	-	1,543,018
Receivables				
Taxes Receivable	2,167,867	-	-	2,167,867
Accounts Receivable	1,469,105	-	-	1,469,105
State and Federal Receivables	527,431	-	-	527,431
Due from Other Funds	663,045	-	(663,045)	-
Due from Fiduciary Funds	11,345	-	-	11,345
Due from Other Governments	471,406	-	-	471,406
Prepaid Expenses	262,476	49,119	-	311,595
Land, Buildings, and Equipment (Net)	-	39,992,753	-	39,992,753
Total Assets	<u>\$ 12,868,561</u>	<u>\$ 40,041,872</u>	<u>\$ (663,045)</u>	<u>\$ 52,247,388</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	<u>\$ -</u>	<u>\$ 4,739,733</u>	<u>\$ -</u>	<u>\$ 4,739,733</u>
LIABILITIES				
Payables				
Accounts Payable	\$ 372,604	\$ -	\$ -	\$ 372,604
Accrued Liabilities	90,000	-	-	90,000
Accrued Interest Payable	97,339	-	-	97,339
Due to other Funds	663,045	-	(663,045)	-
Due to Fiduciary Funds	-	-	-	-
Deferred Revenue	66,775	-	-	66,775
Serial Bonds Payable	-	3,043,000	-	3,043,000
Tax Anticipation Note Payable	1,600,000	-	-	1,600,000
Bond Anticipation Note Payable	4,937,524	-	-	4,937,524
Capital Leases Payable	-	170,801	-	170,801
Due to Other Governments	1,168,940	-	-	1,168,940
Due to Employee Retirement System	-	122,250	-	122,250
Post-Employment Benefits other than Pensions	-	36,053,109	-	36,053,109
Judgements and Claims Payable	-	2,460,073	-	2,460,073
Net Pension Liability - Proportionate Share	-	1,523,987	-	1,523,987
Compensated Absences	-	835,750	-	835,750
Total Liabilities	<u>8,996,227</u>	<u>44,208,970</u>	<u>(663,045)</u>	<u>52,542,152</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	-	3,673,277	-	3,673,277
Deferred Inflows - OPEB	-	4,869,226	-	4,869,226
	<u>-</u>	<u>8,542,503</u>	<u>-</u>	<u>8,542,503</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>3,872,334</u>	<u>(7,969,868)</u>	<u>-</u>	<u>(4,097,534)</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balance / Net Position	<u>\$ 12,868,561</u>	<u>\$ 44,781,605</u>	<u>\$ (663,045)</u>	<u>\$ 56,987,121</u>
Total Governmental Fund Balance				\$ 3,872,334
Capital Assets used in Governmental Activities are not financial resources and therefore not reported in the Funds.				39,992,753
GASB 75 - Valuation of Post-Employment Benefits other than pensions are not due and payable in the current period and therefore are not reported in the Funds.				(40,922,335)
GASB 68 - Recognition of Assets (Prepaid Expenses), Liabilities (Net Pension Liability - Proportionate Share), and Deferred Outflows and Inflows of Pension Costs in the Governmental Activities and not reported in the Funds - Net.				(530,662)
Long-Term Liabilities, including Bonds Payable are not due and payable in the current period and therefore are not reported in the funds.				<u>(6,509,624)</u>
Net Position of Governmental Activities				<u>\$ (4,097,534)</u>

See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital</u>	<u>Total Governmental Funds</u>
REVENUES				
Real Property Taxes	\$ 5,132,273	\$ 50,000	\$ -	\$ 5,182,273
Real Property Tax Items	210,436	-	-	210,436
Non-Property Tax Items	4,097,412	-	-	4,097,412
Departmental Income	493,701	5,111,282	-	5,604,983
Intergovernmental Charges	360,851	3,963	-	364,814
Use of Money and Property	160,020	1,674	15,496	177,190
Licences and Permits	47,770	-	-	47,770
Fines and Forfeitures	35,415	-	-	35,415
Sale of Property and Compensation for Losses	46,834	21,044	-	67,878
Miscellaneous Local Sources	25,016	379,947	12,176	417,139
State Aid	2,392,092	57,048	638,267	3,087,407
Federal Aid	183,318	18,087	8,234	209,639
	<u>13,185,138</u>	<u>5,643,045</u>	<u>674,173</u>	<u>19,502,356</u>
EXPENDITURES				
General Government Support	1,314,553	179,179	77,075	1,570,807
Public Safety and Health	7,801,576	-	5,820	7,807,396
Transportation	2,035,536	-	17,850	2,053,386
Economic Assistance and Opportunity	14,600	-	-	14,600
Culture and Recreation	502,337	913,748	189,073	1,605,158
Home and Community Services	357,901	3,170,389	1,051,965	4,580,255
Employee Benefits	10,000	-	-	10,000
Debt Service: Principal	203,040	252,960	-	456,000
Debt Service: Interest	139,672	46,066	-	185,738
	<u>12,379,215</u>	<u>4,562,342</u>	<u>1,341,783</u>	<u>18,283,340</u>
Excess (Deficiency) of Revenues Over Expenditures	805,923	1,080,703	(667,610)	1,219,016
OTHER FINANCING SOURCES AND USES				
BANs Redeemed from Appropriation	-	-	91,000	91,000
Proceeds from Obligations	-	-	438,000	438,000
Operating Transfers In	943,053	831,854	-	1,774,907
Operating Transfers (Out)	(661,854)	(1,113,053)	-	(1,774,907)
	<u>281,199</u>	<u>(281,199)</u>	<u>529,000</u>	<u>529,000</u>
Excess (Deficit) Revenues Over Expenditures and other Financing Sources (Uses)	1,087,122	799,504	(138,610)	1,748,016
Fund Balance - Beginning of Year	<u>1,139,345</u>	<u>3,916,429</u>	<u>(2,931,456)</u>	<u>2,124,318</u>
Fund Balance - End of Year	<u>\$ 2,226,467</u>	<u>\$ 4,715,933</u>	<u>\$ (3,070,066)</u>	<u>\$ 3,872,334</u>

CITY OF OGDENSBURG, NEW YORK

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Total Governmental Funds	Long-Term Revenues - Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
Revenues					
Real Property Taxes	\$ 5,182,273	\$ -	\$ -	\$ -	\$ 5,182,273
Real Property Tax Items	210,436	-	-	-	210,436
Non-Property Tax Items	4,097,412	-	-	-	4,097,412
Departmental Income	5,604,983	-	-	-	5,604,983
Inter-Governmental Charges	364,814	-	-	-	364,814
Use of Money and Property	177,190	-	-	-	177,190
Licenses and Permits	47,770	-	-	-	47,770
Fines and Forfeitures	35,415	-	-	-	35,415
Sale of Property and Compensation for Losses	67,878	-	-	-	67,878
Miscellaneous Local Sources	417,139	-	-	-	417,139
State Aid	3,087,407	-	-	-	3,087,407
Federal Aid	209,639	-	-	-	209,639
Total Revenues	19,502,356	-	-	-	19,502,356
Expenditures/Expenses					
General Government Support	1,570,807	68,239	(175,320)	(102,327)	1,361,399
Public Safety and Health	7,807,396	336,541	(99,622)	(659,142)	7,385,173
Transportation	2,053,386	775,877	21,375	(109,518)	2,741,120
Economic Assistance and Opportunity	14,600	-	-	-	14,600
Culture and Recreation	1,605,158	356,789	-	(125,759)	1,836,188
Home and Community Service	4,580,255	552,713	(748,205)	(261,875)	4,122,888
Employee Benefits	10,000	(10,000)	-	-	-
Debt Service					
Principal	456,000	-	-	(456,000)	-
Interest	185,738	-	-	-	185,738
Total Expenditures	18,283,340	2,080,159	(1,001,772)	(1,714,621)	17,647,106
Excess (Deficiency) of Revenues Over Expenditures	1,219,016	(2,080,159)	1,001,772	1,714,621	1,855,250
Other Sources and Uses					
BANs Redeemed from Appropriation	91,000	-	-	(91,000)	-
Proceeds from Obligations	438,000	-	-	(438,000)	-
Operating Transfers In	1,774,907	-	-	-	1,774,907
Operating Transfers (Out)	(1,774,907)	-	-	-	(1,774,907)
Total Other Sources (Uses)	529,000	-	-	(529,000)	-
Net Change For The Year	\$ 1,748,016	\$ (2,080,159)	\$ 1,001,772	\$ 1,185,621	\$ 1,855,250
Net Change in Fund Balances					\$ 1,748,016
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds					(2,080,159)
Expenditures for Acquisition (Disposition) of Capital Assets recorded in the Governmental Funds, but not in the Statement of Activities					1,001,772
Repayment (Proceeds) of Bond and Capital Lease Principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					8,915
Expenditure for GASB 75 valuation of Post-Employment Benefits other than Pensions recorded in the Statement of Activities, but not in the Governmental Funds					530,977
Adjustment to Expenditures for GASB 68 current year actual Pension Costs recorded in the Statement of Activities, but not in the Governmental Funds					(148,007)
Compensated Absences and Judgements and Claims Payable measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					793,736
Change in Net Position of Governmental Activities					\$ 1,855,250

See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
DECEMBER 31, 2018**

Assets

Cash - Unrestricted	\$	44,177
Due from Other Funds		579
Investments		<u>4,924,673</u>
Total Assets	\$	<u><u>4,969,429</u></u>

Liabilities

Agency Liabilities	\$	33,210
Due to Other Funds		11,924
Deferred Compensation		<u>4,924,295</u>
Total Liabilities	\$	<u><u>4,969,429</u></u>

CITY OF OGDENSBURG, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES AGENCY FUND
DECEMBER 31, 2018**

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
Assets				
Cash - Unrestricted	\$ 67,778	\$ 3,403,657	\$ 3,427,258	\$ 44,177
Due from Other Funds	-	579	-	579
Investments	<u>5,016,495</u>	<u>-</u>	<u>91,822</u>	<u>4,924,673</u>
 Total Assets	 <u>\$ 5,084,273</u>	 <u>\$ 3,404,236</u>	 <u>\$ 3,519,080</u>	 <u>\$ 4,969,429</u>
 Liabilities				
Agency Liabilities	\$ 67,828	\$ 3,617,572	\$ 3,652,190	\$ 33,210
Due to Other Funds	228	11,924	228	11,924
Deferred Compensation	<u>5,016,217</u>	<u>401,424</u>	<u>493,346</u>	<u>4,924,295</u>
 Total Liabilities	 <u>\$ 5,084,273</u>	 <u>\$ 4,030,920</u>	 <u>\$ 4,145,764</u>	 <u>\$ 4,969,429</u>

See notes to financial statements.

CITY OF OGDENSBURG, NEW YORK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

All governmental activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of: a) The primary government which is the City, b) Organizations for which the primary government is financially accountable, and c) Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB 14, 39, and 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the City's reporting entity.

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Basis of Presentation

Government-Wide Statements

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

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments

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

Property Taxes

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

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

At December 31, 2018, real property tax receivables were \$ 2,167,867. Returned school taxes are offset by a liability to the school district in the same amount.

An allowance for uncollectible taxes of \$ 4,703 has been included in the General Fund accounts receivable balance at December 31, 2018. Amounts considered to be uncollectible are based on specific knowledge related to particular parcels.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are shown net, with uncollectible amounts determined by management. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. Certain receivables are in the process of litigation. An allowance has not been established for these receivables as the outcome of litigation is not yet determinable. The balance of these receivables at December 31, 2018 was approximately \$ 1,469,105.

Due To/From Other Funds

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

Capital Assets

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

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

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

Vested Employee Benefits

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

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

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vested Employee Benefits (Continued)

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

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

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

Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described in Note above, the City provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the City Council. In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (Statement 75). This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, (Statement 45) and issues new standards for defined benefit OPEB and Defined contribution OPEB provided to employees of state and local governments through OPEB plans. Its intent is to improve accounting and financial reporting by requiring an OPEB liability to be reported on the face of the financial statements rather than in the accompanying notes as previously required by Statement 45. In 2018, the City implemented Statement 75.

Budgetary Procedures and Budgetary Accounting

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Procedures and Budgetary Accounting (continued)

The City employs the following budgetary procedures:

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

Encumbrance Accounting

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

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

Deferred Revenue

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

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Resources

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

Fund Balance – Reservations and Designations

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

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

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

Inventories

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

Insurance

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2019 through October __, 2019 for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the date of the financial statements required to be recognized or disclosed in the accompanying financial statements.

Deferred Outflows / Inflows of Resources Related to Pension and OPEB

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

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principles

For the fiscal year ended December 31, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires the City to report Other Postemployment Benefits (OPEB) expenses, deferred outflows of resources and deferred inflows of resources related to OPEB. See Note 12 for the financial statement impact of implementation of the statement.

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

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

Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

1. *Long-Term Revenue Differences:*
Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
2. *Capital Related Differences:*
Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
3. *Long-Term Debt Transaction Differences:*
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 - CASH AND INVESTMENTS

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash on Deposit/Collateral

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

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

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

Deposits

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

Total financial institution (bank) balances at December 31, 2018, per the banks were \$ 2,848,366. These deposits are categorized as follows:

1	2	3	Carrying Value
\$ 250,000	\$ 2,598,366	\$ -	\$ 2,848,366

1. Unrestricted Cash - At December 31, 2018, unrestricted cash consisted of the following:

	Checking Accounts	Savings Account	Petty Cash	Total
General	\$ 2,073,774	\$ -	\$ 875	\$ 2,074,649
Special Revenue				
Community Development	-	68,374	-	68,374
Library/ Remington	140,275	-	100	140,375
Sewer	1,631,380	-	-	1,631,380
Water	1,040,548	-	-	1,040,548
Insurance	464,764	-	-	464,764
Capital	333,404	-	-	333,404
Total	\$ 5,684,145	\$ 68,374	\$ 975	\$ 5,753,494

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash on Deposit/Collateral (Continued)

2. Restricted Cash - Restricted cash of \$ 57,769 in the Special Revenue (Insurance) Fund is being held for future unemployment insurance claims, \$ 223,390 in the Community Development Fund is being held for community development projects and \$ 1,163,894 in the Capital Fund is being held for capital projects. The General Fund has restricted cash of \$ 97,339 held for various reserves described in NOTE 3 - Fund Equity. Total restricted cash is \$ 1,542,392.

3. Investment Pool - The City participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of its cash in cooperation with other participants. At December 31, 2018, the City's share, \$ 4,931,059, of the pooled investments consisted of various investments in securities issued by the United States and its agencies. The investments are highly liquid and are considered to be cash equivalents and are included in the unrestricted and restricted amounts referred to above. The amount of investments by fund are as follows:

Fund	Amount	
General Fund	\$ 3,609,353	Investment Pool
Capital Projects	157,812	Investment Pool
Community Development	<u>1,163,894</u>	Investment Pool
	<u>\$ 4,931,059</u>	

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2018 were as follows:

	<u>Balance at</u> <u>12/31/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>12/31/18</u>
Governmental Activities				
Non Depreciable Capital Assets				
Land	\$ 6,776,899	\$ -	\$ -	\$ 6,776,899
Construction in Progress	<u>1,626,870</u>	<u>795,877</u>	<u>-</u>	<u>2,422,747</u>
Total	<u>8,403,769</u>	<u>795,877</u>	<u>-</u>	<u>9,199,646</u>
Depreciable Capital Assets				
Land Improvements	10,341,926	-	-	10,341,926
Buildings and Improvements	16,033,767	34,980	-	16,068,747
Infrastructure	38,770,910	-	-	38,770,910
Machinery and Equipment	18,791,130	192,290	70,750	18,912,670
Vehicles	<u>4,978,442</u>	<u>-</u>	<u>22,024</u>	<u>4,956,418</u>
Total	<u>88,916,175</u>	<u>227,270</u>	<u>92,774</u>	<u>89,050,671</u>
Less: Accumulated Depreciation				
Land Improvements	6,144,825	283,139	-	6,427,964
Buildings and Improvements	7,369,378	366,839	-	7,736,217
Infrastructure	23,193,109	773,930	-	23,967,039
Machinery and Equipment	15,941,431	347,806	70,750	16,218,487
Vehicles	<u>3,621,436</u>	<u>308,445</u>	<u>22,024</u>	<u>3,907,857</u>
Total	<u>56,270,179</u>	<u>2,080,159</u>	<u>92,774</u>	<u>58,257,564</u>
Depreciable Capital Assets (Net)	<u>32,645,996</u>			<u>30,793,107</u>
Total	<u>\$ 41,049,765</u>			<u>\$ 39,992,753</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Function/Program	
General Governmental Support	\$ 67,369
Public Safety	330,939
Transportation	775,176
Culture and Recreation	355,720
Home and Community	<u>550,955</u>
Total Depreciation	<u>\$ 2,080,159</u>

NOTE 5 - SHORT-TERM DEBT

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

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

The following is an analysis of BAN's outstanding as of December 31, 2018.

<u>Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount Outstanding</u>
Capital Fund	4/26/18	\$ 2,695,000	4/26/19	2.58%	<u>\$ 2,695,000</u>

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

<u>Description</u>	<u>Balance at 12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/18</u>
Capital Fund	2,274,000	2,695,000	2,274,000	<u>\$ 2,695,000</u>

Tax Anticipation Notes - General Fund - a Tax Anticipation Note, with an interest rate of 4.00%, was issued on July 31, 2018 for \$ 1,600,000 and matures on July 31, 2019. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2018 year.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - SHORT-TERM DEBT (Continued)

Due to Other Governments

At December 31, 2018, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	\$	204,431
Due to St. Lawrence County		<u>964,509</u>
		<u>\$ 1,168,940</u>

NOTE 6 - LONG-TERM DEBT

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

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

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

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

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2018 were as follows:

2019	\$	89,018
2020		<u>89,018</u>
Total Lease Payments		178,036
Less Amount Representing Interest		<u>7,235</u>
Present Value of Future Minimum Lease Payments		<u>\$ 170,801</u>

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of long-term liabilities outstanding at December 31, 2018:

BAN Payable – Noncurrent Portion	\$ 2,242,523
Serial Bonds – Noncurrent Portion	2,640,000
Capital Leases Payable – Noncurrent Portion	86,584
Due to Employee Retirement System	122,250
Compensated Absence	835,750
Judgements and Claims	2,460,073
Net Pension Liability – Proportionate Share	1,523,987
OPEB	<u>36,053,109</u>
Total Long-Term Liabilities	<u>\$ 45,964,276</u>

The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2018.

	Balance at 12/31/17	Increases	Decreases	Balance at 12/31/18	Due Within One Year
Serial Bonds	\$ 2,970,000	\$ 438,000	\$ 365,000	\$ 3,043,000	\$ 403,000
BAN Payable	1,495,992	746,531	-	2,242,523	-
Capital Leases	252,717	-	81,916	170,801	84,217
Due to ERS	326,250	-	204,000	122,250	-
Compensated Absences	851,431	-	15,681	835,750	-
Judgements and Claims	3,238,127	-	778,054	2,460,073	-
Net Pension Liability	3,453,978	-	1,929,991	1,523,987	-
OPEB	<u>6,805,042</u>	<u>29,248,067</u>	<u>-</u>	<u>36,053,109</u>	<u>-</u>
	<u>\$ 19,393,537</u>	<u>\$ 30,432,598</u>	<u>\$ 3,374,642</u>	<u>\$ 46,451,493</u>	<u>\$ 487,217</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 - LONG-TERM DEBT (Continued)

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

<u>Description</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Variable Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding 12/31/2018</u>
Elizabeth Street Reconstruction	2012	\$ 1,292,905	2.5%	2023	\$ 621,938
Caroline Street Sewer	2012	42,160	2.5%	2023	20,280
Sewage Treatment Plant	2012	579,699	2.5%	2023	278,858
Water Tower Painting	2012	221,339	2.5%	2023	106,472
Mansion Avenue Transmission	2012	158,097	2.5%	2023	76,050
New Park Recreation Area	2012	210,800	2.5%	2023	101,402
Visitors Center	2016	1,074,500	1.5%	2027	892,800
City Hall	2016	307,200	1.5%	2027	255,200
Redevelopment of Property	2016	303,300	1.5%	2027	252,000
Fire Fighting Vehicle	2018	271,000	5.0%	2028	271,000
Library Improvements	2018	76,000	5.0%	2028	76,000
Ice Surfacing Machine	2018	91,000	5.0%	2028	<u>91,000</u>
Sub Total					\$ 3,043,000
Current Portion of Long-Term Debt					(403,000)
Noncurrent Portion of Long-Term Debt					<u>\$ 2,640,000</u>

The following tables summarize the City's future debt service requirements as of December 31, 2018:

Serial Bonds

<u>Year End Date</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 403,000	\$ 99,715
2020	420,000	77,300
2021	430,000	65,563
2022	440,000	53,088
2023	440,000	40,256
2024 – 2028	<u>910,000</u>	<u>371,594</u>
	<u>\$ 3,043,000</u>	<u>\$ 707,516</u>

Debt Limits

At December 31, 2018, the total outstanding indebtedness of the City aggregated \$ 9,751,325. Of this amount, \$ 2,928,878 was subject to the constitutional debt limit and represented approximately 15.37% of its statutory debt limit.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 - INTERFUND RECEIVABLE AND PAYABLES

Interfund receivables and payables at December 31, 2018 were as follows:

Fund Type	Receivables	Payables
General Fund	\$ 336,076	\$ 278,548
Capital Projects	49,000	-
Special Revenue		
Community		
Development	1,115	30,726
Water	-	-
Sewer	-	49,000
Library/Remington	276,854	304,771
Total	\$ 663,045	\$ 663,045

NOTE 8 - FUND EQUITY

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

Restricted for		
Unemployment Insurance	\$ 57,769	(Insurance Fund)
Community Development Projects	223,390	(CD Fund)
Capital Projects	1,163,894	(Capital Fund)
Miscellaneous	80,435	(General)
Asset Forfeiture	17,530	(General)
Total Restricted Fund Balance	\$ 1,543,018	
Unassigned		
General	\$ 2,128,502	
Community Development	(17,992)	
Insurance Reserve	464,763	
Water	1,578,529	
Sewer	2,234,314	
Library/Remington	175,160	
Capital	(4,233,960)	
Total Unassigned Fund Balance	\$ 2,329,316	

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 - FUND EQUITY (Continued)

The City has established an unemployment insurance payment reserve fund. This reserve, accounted for in the Insurance Fund, had a balance of \$ 57,769 at December 31, 2018.

NOTE 9 - DEFERRED COMPENSATION

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

As of December 31, 2018, the market value of the assets of the plan totaled \$ 4,924,673. In accordance with Section 457 of the Code, all amounts of Compensation deferred or contributed under the Plan, all property and rights purchased with such amounts and all income attributable to such amounts, and all other property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the Trust Agreement. This amount is reflected as an Agency Fund asset along with a corresponding liability to the employees participating in the plan.

NOTE 10 - PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Plan Descriptions And Benefits Provided (Continued)

The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION OBLIGATIONS (Continued)

Tiers 3, 4, and 5 (Continued)

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

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

Tier 6

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

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

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

Ordinary Disability Benefits

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 - PENSION OBLIGATIONS (Continued)

Accidental Disability Benefits

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

Tiers 3, 4, and 5

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Contributions

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

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION OBLIGATIONS (Continued)

Contributions (Continued)

<u>CONTRIBUTIONS</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$ 579,911	\$ 877,639
2017	\$ 683,883	\$ 978,648
2016	\$ 863,784	\$ 705,510

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

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

At December 31, 2018, the City reported the following asset (liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2018 for both PFRS and ERS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation.

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

	<u>PFRS</u>	<u>ERS</u>
Actuarial Valuation Date	4/1/2017	4/1/2017
Net Pension Asset/(Liability)	\$ (1,010,757,000)	\$ (3,227,445,000)
City's Portion of the Plan's Total Net Pension Asset/(Liability)	\$ (1,081,106)	\$ (442,881)
	.1069600%	.0137223%

For the year ended December 31, 2018, the City recognized pension expense of \$ 999,889 for PFRS and \$ 530,792 for ERS. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION OBLIGATIONS (Continued)

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

	Deferred Outflows		Deferred Inflows	
	PFRS	ERS	PFRS	ERS
Difference Between Expected Actual Experience	\$ 444,972	\$ 157,961	\$ 287,275	\$ 130,533
Changes of Assumptions	819,133	293,667	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	875,028	643,250	1,762,260	1,269,711
Changes in Proportion and Difference Between the City's Contributions and Proportionate Share of Contributions	38,473	9,699	196,979	26,519
Employer Contributions Subsequent to the Measurement Date	877,639	579,911	-	-
Total	\$ 3,055,245	\$ 1,684,488	\$2,246,514	\$ 1,426,763

City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PFRS	ERS
Year Ended		
2019	\$ 188,523	\$ 90,179
2020	163,811	70,023
2021	(258,102)	(327,930)
2022	(189,256)	(154,458)
2023	26,118	-
Thereafter	-	-

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - PENSION OBLIGATIONS (Continued)

ACTUARIAL ASSUMPTIONS

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>PFRS</u>	<u>ERS</u>
Measurement Date	3/31/2018	3/31/2018
Actuarial Valuation Date	4/1/2017	4/1/2017
Interest Rate	7.0%	7.0%
Salary Scale (Indexed by Service)	4.5%	3.8%
Decrement Tables	4/1/2010 to 3/31/2015 Systems Experience	4/1/2010 to 3/31/2015 Systems Experience
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 - PENSION OBLIGATIONS (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

Asset Class	<u>Target Allocation</u>	<u>Rates of Return</u>
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Absolute Return Strategies	2%	3.75%
Opportunistic Strategies	3%	5.68%
Real Assets	3%	5.54%
Bonds and Mortgages	17%	1.31%
Cash	1%	(0.25)%
Inflation-Indexed Bonds	4%	1.25%

DISCOUNT RATE

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

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

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

	<u>1% Decrease (6.0)%</u>	<u>Current Assumption (7.0)%</u>	<u>1% Increase (8.0)%</u>
PFRS			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (5,295,549)	\$ (1,081,106)	\$ 2,453,823
ERS			
Employers Proportionate Share of the Net Pension Asset (Liability)	\$ (3,350,959)	\$ (442,881)	\$ 2,017,237

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 - PENSION OBLIGATIONS (Continued)

PENSION PLAN FIDUCIARY NET POSITION

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

	PFRS	ERS	TOTAL
Employer's Total Pension (Liability)	\$(32,914,423,000)	\$ (183,400,590,000)	\$(216,315,013,000)
Plan Net Position	31,903,666,000	180,173,145,000	212,076,811,000
Employer's Net Pension Asset (Liability)	\$ (1,010,757,000)	\$ (3,227,445,000)	\$ (4,238,202,000)
Ration of Plan Net Position to the Employer's Total Pension Asset (Liability)	96.93%	98.24%	98.04%

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

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

At December 31, 2018, the following employees were covered by the benefit terms:

Active not eligible to retire	90
Active eligible to retire	17
Inactive employees entitled to but not yet receiving benefit payments	0
Retired and surviving spouses	105
Retired spouses covered	<u>33</u>
	<u>245</u>

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Total OPEB Liability

The City's total OPEB liability of \$ 36,053,109 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.36%
Salary Increases	3.36%
Discount Rate	3.83%
Healthcare Cost Trend Rates	4.32%

Mortality rates were based on the RPH-2014 combined mortality, fully generational using scale MP-2018.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2017, as Restated	\$ 41,486,586
Changes for the Year	
Service Cost	715,319
Interest	1,438,734
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	(4,072,256)
Changes in Assumptions of Other Inputs	(2,420,046)
Benefit Payments	<u>(1,095,228)</u>
Net Changes	<u>(5,433,477)</u>
Balance at January 1, 2018	<u>\$ 36,053,109</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2017 to 3.83% in 2018.

CITY OF OGDENSBURG, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Changes in the Total OPEB Liability (Continued)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83%) or 1-percentage-point higher (4.83%) than the current discount rate:

	1% Decrease (2.83%)	Current (3.83%)	1% Increase (4.83%)
Total OPEB Liability	\$ 43,073,142	\$ 36,053,109	\$ 30,646,341

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 29,668,789	\$ 36,053,109	\$ 45,158,692

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 530,977. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,054,192
Change of Assumptions or Other Inputs	-	1,815,034
Employer Contributions Subsequent to the Measurement Date	-	-
Total	\$ -	\$ 4,869,226

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

December 31, 2019	\$ (1,623,076)
2020	(1,623,076)
2021	(1,623,074)
Thereafter	-
	\$ (4,869,226)

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 12 - CONSTITUTIONAL TAX LIMIT

The constitution of the State of New York limits the amount of real property taxes which in any fiscal year not to exceed 2% of the average full valuation of taxable real estate within such City. At December 31, 2018, the City had exhausted 87.28%³⁶, of its constitutional tax limit.

NOTE 13 - OPERATING LEASES

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2018 was \$ 13,331. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31,

2019	\$	12,213
2020		10,468
2021		5,976
2022		<u>1,125</u>
	\$	<u>29,782</u>

NOTE 14 - CONTINGENCIES

State and Federal Aid

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

Other Claims

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

NOTE 15 - RECENT ACCOUNTING PRONOUNCEMENTS

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018, the City implemented the following new standards, when applicable, issued by GASB:

GASB Statement No. 85, *Omnibus 2017*, effective for the year ending December 31, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending December 31, 2018.

CITY OF OGDENSBURG, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 16 - RESTATEMENT OF NET POSITION

Due to the City's implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, a one-time prior-period adjustment of \$ 34,648,270 must be made to the beginning net position to reflect the transition from GASB No. 45 to GASB No. 75 as of January 1, 2018. The impact of this change does not flow through the annual OPEB expense calculation. The following details the change in the City's beginning of year net position due to the GASB No. 75 implementation:

Net Position Beginning of Year, as Previously Stated	\$ 28,695,486
Net Effects of GASB No. 75 Implementation	<u>(34,648,270)</u>
Net Position Beginning of Year, as Restated	<u>\$ (5,952,784)</u>

CITY OF OGDENSBURG, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 DECEMBER 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
Revenues				
Real Property Taxes	\$ 5,335,816	\$ 5,360,819	\$ 5,132,273	\$ (228,546)
Real Property Tax Items	206,200	206,200	210,436	4,236
Non Property Tax Items	3,983,600	3,966,000	4,097,412	131,412
Departmental Income	349,221	349,221	493,701	144,480
Inter-Governmental Charges	208,500	208,500	360,851	152,351
Use of Money and Property	91,660	91,660	160,020	68,360
Licenses and Permits	41,885	41,885	47,770	5,885
Fines and Forfeitures	48,800	48,800	35,415	(13,385)
Sale of Property and Compensation for Loss	20,500	23,500	46,834	23,334
Miscellaneous Local Sources	600	600	25,016	24,416
State Aid	2,281,374	2,281,374	2,392,092	110,718
Federal Aid	194,334	194,334	183,318	(11,016)
Total Revenues	<u>12,762,490</u>	<u>12,772,893</u>	<u>13,185,138</u>	<u>412,245</u>
Other Financing Sources				
Transfers from Other Funds	1,184,196	1,184,196	943,053	(241,143)
Appropriated Reserve	-	-	-	-
Appropriated Fund Balance	-	-	-	-
Total Other Financing Sources	<u>1,184,196</u>	<u>1,184,196</u>	<u>943,053</u>	<u>(241,143)</u>
Total Revenues and Other Financing Sources	<u>13,946,686</u>	<u>13,957,089</u>	<u>14,128,191</u>	<u>171,102</u>
Expenditures				
General Government Support	1,537,608	1,537,908	1,314,553	223,355
Public Safety	8,124,243	8,157,131	7,801,576	355,555
Transportation	2,232,307	2,232,307	2,035,536	196,771
Economic Assistance and Opportunity	12,800	15,000	14,600	400
Culture and Recreation	524,193	529,208	502,337	26,871
Home and Community Services	333,216	333,216	357,901	(24,685)
Contingency	170,000	170,000	10,000	160,000
Debt Service	320,465	320,465	342,712	(22,247)
Total Expenditures	<u>13,254,832</u>	<u>13,295,235</u>	<u>12,379,215</u>	<u>916,020</u>
Other Financing Uses				
Transfers to Other Funds	691,854	661,854	661,854	-
Total Expenditures and Other Financing (Uses)	<u>13,946,686</u>	<u>13,957,089</u>	<u>13,041,069</u>	<u>916,020</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	-	-	1,087,122	1,087,122
Fund Balance - Beginning	-	-	1,139,345	1,139,345
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,226,467</u>	<u>\$ 2,226,467</u>

CITY OF OGDENSBURG, NEW YORK
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

NYSERS PENSION PLAN

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

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

NYSPPRS PENSION PLAN

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

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

CITY OF OGDENSBURG, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION ASSET/LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018

NYSERS PENSION PLAN

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.0137224%	0.0141729%	0.0141709%	0.0138809%
City's Proportionate Share of the Net Pension Liability (Asset)	442,881	1,331,716	2,274,475	468,931
City's Covered-Employee Payroll	3,505,396	3,501,378	3,629,300	3,688,044
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	12.63%	38.03%		12.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.24%	94.70%	90.70%	90.90%

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

NYSPPRS PENSION PLAN

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.1069600%	0.1023936%	0.1090989%	0.2107100%
City's Proportionate Share of the Net Pension Liability (Asset)	1,081,106	2,122,262	3,230,185	285,607
City's Covered-Employee Payroll	4,453,011	4,264,365	4,190,224	4,317,194
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	24.28%	49.77%	77.09%	6.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.93%	93.50%	90.20%	90.20%

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

CIT OF OGDENSBURG, NEW YORK

**SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>
Measurement Date	January 1, 2018
Total OPEB Liability	<u>\$ 36,053,109</u>
Service Cost	715,319
Interest	1,438,734
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	(4,072,256)
Changes of Assumptions or Other Inputs	(2,420,046)
Expected Benefit Payments	<u>(1,095,228)</u>
Net Change in Total OPEB Liability	(5,433,477)
Total OPEB Liability - Beginning	<u>41,486,586</u>
Total OPEB Liability - Ending	<u>\$ 36,053,109</u>
Covered Payroll	<u>\$ 5,985,184</u>
Total OPEB Liability as a Percentage of Covered Payroll	602.37%

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

CITY OF OGDENSBURG, NEW YORK

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
DECEMBER 31, 2018**

	Community Development	Insurance Reserve Fund	Water Fund	Sewer Fund	Library/ Remington Fund	Totals
Assets						
Cash - Unrestricted	\$ 68,374	\$ 464,764	\$ 1,040,548	\$ 1,631,380	\$ 140,375	\$ 3,345,441
Cash - Restricted	223,390	57,769	-	-	-	281,159
Other Receivables	-	-	9,419	200	13,658	23,277
Water Rent Receivable	-	-	557,458	-	-	557,458
Sewer Rent Receivable	-	-	-	729,069	-	729,069
State and Federal Aid Receivable	18,381	-	-	-	-	18,381
Due from Other Funds	1,115	-	-	-	276,854	277,969
Due from Other Governments	-	-	-	-	50,000	50,000
Total Assets	\$ 311,260	\$ 522,533	\$ 1,607,425	\$ 2,360,649	\$ 480,887	\$ 5,282,754
Liabilities						
Accounts Payable	\$ 8,361	\$ -	\$ 28,896	\$ 77,335	\$ 957	\$ 115,549
Due to Other Funds	30,726	-	-	49,000	304,771	384,497
Deferred Revenue	66,775	-	-	-	-	66,775
Total Liabilities	105,862	-	28,896	126,335	305,728	566,821
Fund Balance						
Restricted	223,390	57,769	-	-	-	281,159
Unassigned	(17,992)	464,763	1,578,529	2,234,314	175,160	4,434,774
Total Fund Balance	205,398	522,532	1,578,529	2,234,314	175,160	4,715,933
Total Liabilities and Fund Balance	\$ 311,260	\$ 522,532	\$ 1,607,425	\$ 2,360,649	\$ 480,888	\$ 5,282,754

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

CITY OF OGDENSBURG, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community Development	Insurance Reserve Fund	Water Fund	Sewer Fund	Library/ Remington Fund	Totals
Revenues						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
Department Income	11,412	-	2,373,038	2,720,827	6,005	5,111,282
Inter-Governmental Charges	-	-	-	-	3,963	3,963
Use of Money and Property	1,653	21	-	-	-	1,674
Sale of Property and Compensation for Loss	-	21,044	-	-	-	21,044
Miscellaneous Local Sources	1,115	-	-	-	378,832	379,947
State Aid	57,048	-	-	-	-	57,048
Federal Aid	18,087	-	-	-	-	18,087
Total Revenues	<u>89,315</u>	<u>21,065</u>	<u>2,373,038</u>	<u>2,720,827</u>	<u>438,800</u>	<u>5,643,045</u>
Expenditures						
General Governmental Support	-	179,179	-	-	-	179,179
Culture and Recreation	-	-	-	-	913,748	913,748
Home and Community Services	68,528	-	1,507,508	1,594,353	-	3,170,389
Debt Service: Principal	-	-	50,754	196,206	6,000	252,960
Debt Service: Interest	-	-	8,612	36,634	820	46,066
Total Expenditures	<u>68,528</u>	<u>179,179</u>	<u>1,566,874</u>	<u>1,827,193</u>	<u>920,568</u>	<u>4,562,342</u>
Excess (Deficit) Revenues over Expenditures	<u>20,787</u>	<u>(158,114)</u>	<u>806,164</u>	<u>893,634</u>	<u>(481,768)</u>	<u>1,080,703</u>
Other Financing Sources (Uses)						
Interfund Transfers In	-	255,000	-	-	576,854	831,854
Interfund Transfers Out	(8,857)	-	(535,476)	(568,720)	-	(1,113,053)
Total Other Financing Sources (Uses)	<u>(8,857)</u>	<u>255,000</u>	<u>(535,476)</u>	<u>(568,720)</u>	<u>576,854</u>	<u>(281,199)</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	11,930	96,886	270,688	324,914	95,086	799,504
Fund Balance - Beginning	<u>193,468</u>	<u>425,646</u>	<u>1,307,841</u>	<u>1,909,400</u>	<u>80,074</u>	<u>3,916,429</u>
Fund Balance - Ending	<u>\$ 205,398</u>	<u>\$ 522,532</u>	<u>\$ 1,578,529</u>	<u>\$ 2,234,314</u>	<u>\$ 175,160</u>	<u>\$ 4,715,933</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Ogdensburg, New York's basic financial statements, and have issued our report thereon dated October 7, 2019.

Internal Control over Financial Reporting

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

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

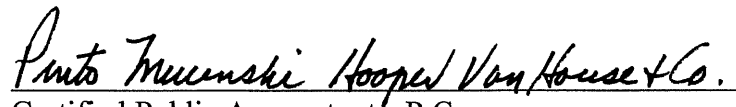
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

Przemyslaw Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

October 7, 2019