

**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

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315-336-9220 Fax: 315-336-0836

Honorable Mayor, A. Max Smith and  
Common Council  
City of Oneida, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Oneida for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 21, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Oneida are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by City of Oneida during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Enterprise and Government Wide financial statements were:

1. The City, in accordance with GASB No. 45: "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" requires significant actuarial estimates to calculate the City's postemployment benefit liability.
2. The City's estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the City's capital assets and the related depreciation – This includes the estimates used to determine the impairment loss for the flood damage to the Waste Water Treatment Plant.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached material misstatements detected as a result of audit procedures were corrected by management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 15, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as to the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Common Council and management of City of Oneida, The New York State Office of the State Comptroller, and other Federal and State oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*D'Arcangelo + Co., LLP*

April 15, 2015

Rome, New York

Client: **62825 - City of Oneida**  
 Engagement: **FS 2014 - City of Oneida**  
 Period Ending: **12/31/2014**  
 Trial Balance: **TB**  
 Workpaper: **3400.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>6000.10</b>		
To adjust fund balance for misc AR adjustment posted to fund balance				
002.0017.2140	METERED WATER SALES		11.00	
002.0002.0909	FUND BALANCE..			11.00
<b>Total</b>			<b>11.00</b>	<b>11.00</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>6000.10</b>		
To adjust fund balance for amounts posted to revenue in error.				
009.0017.2179	FACADE LOAN PRINCIPAL		4,104.00	
009.0009.0909	FUND BALANCE..			4,104.00
<b>Total</b>			<b>4,104.00</b>	<b>4,104.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>7100.80</b>		
To adjust accrual for FEMA and SEMA Aud to actual				
002.0002.0410	DUE FROM STATE, FEDERAL..		993.00	
002.0023.2770	MISCELLANEOUS		974.00	
003.0025.3960	STATE AID EMERGENCY DISASTER		24,473.00	
003.0026.4960	FEMA AID		24,326.00	
002.0025.3960	State Aid Emergency Disaster			1,967.00
003.0003.0410	DUE FROM STATE, FEDERAL..			48,799.00
<b>Total</b>			<b>50,766.00</b>	<b>50,766.00</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>4200.15</b>		
To adjust accounts receivable to actual				
003.0003.0360	SEWER RENTS RECEIVABLE..		64,489.00	
003.0017.2120	SEWER RENTS - ONEIDA			64,489.00
<b>Total</b>			<b>64,489.00</b>	<b>64,489.00</b>
<b>Adjusting Journal Entries JE # 5</b>		<b>5300.07</b>		
To accrue BAN interest.				
001.9710.0700	INTEREST ON DEBT..		394.00	
003.9710.0700	INTEREST ON DEBT		14,667.00	
001.0001.0651	Accrued BAN Interest Payable			394.00
003.0003.0651	Accrued BAN Interest Payable			14,667.00
<b>Total</b>			<b>15,061.00</b>	<b>15,061.00</b>
<b>Adjusting Journal Entries JE # 6</b>		<b>5300.06</b>		
To adjust to debt Bond Schedule at 12/31/14				
011.0011.0628	NOTES PAYABLE..		824,134.00	
011.0011.0125	AMTS PROVIDED BY LNG TRM DEBT..			824,134.00
<b>Total</b>			<b>824,134.00</b>	<b>824,134.00</b>

CITY OF ONEIDA,  
NEW YORK

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
December 31, 2014

**CITY OF ONEIDA, NEW YORK  
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**Independent Auditor's Report**

Common Council  
City of Oneida, 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 Oneida, New York (City of Oneida) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Oneida'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 Oneida, as of and for the year ended December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress of other postemployment benefits, as listed in the table of contents, 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2015 on our consideration of the City of Oneida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oneida's internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

April 15, 2015

Rome, New York

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

## **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**

Common Council  
City of Oneida, 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 Oneida as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Oneida's basic financial statements, and have issued our report thereon dated April 15, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Oneida'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 City of Oneida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Oneida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and recommendations as items 2012-002 and 2012-003 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Oneida'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*.

### **City of Oneida's Response to Findings**

City of Oneida's responses to the findings identified in our audit are described in the accompanying schedule of management's response to findings. City of Oneida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*D'Arcangelo + Co., LLP*

April 15, 2015

Rome, New York

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2014**

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**I. Material Weaknesses**

*None noted.*

**II. Significant Deficiencies**

*See Status of Prior Year Findings and Recommendations.*

**CITY OF ONEIDA, NEW YORK**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2014**

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**I. Prior Year Material Weaknesses**

*None noted.*

**II. Prior Year Significant Deficiencies**

**2012-001 Fixed Assets**

**Condition:** During our audit we noted the following issues in relation to controls over fixed assets:

- A physical inventory of fixed assets has not been conducted since 2009.
- Through our review of fixed assets, we noted large items such as Construction in Progress and Infrastructure were not accounted for properly in the year of such expenditures. For example, paving projects should be capitalized and depreciated over the estimated useful life. Such projects have not been capitalized in the past.

**Cause:** Unknown

**Criteria:** Generally accepted accounting principles require that fixed asset records be maintained by governmental entities in a complete, accurate and detailed manner and that governments report all capital assets with the consideration of depreciation, including Construction in Progress and Infrastructure.

**Effect:** The current fixed asset listing may be misstated for large items such as Infrastructure and Construction in Progress.

**Recommendation:** We suggest that physical inventories of fixed assets be taken periodically and related records updated accordingly. We also recommend that paving projects over the last ten years be capitalized with the appropriate accumulated depreciation through December 31, 2012.

<b>Status:</b> Corrected. We do not consider this to be a significant deficiency for the 2014 audit.
--

**2012-002 Revolving Loan Funds and Façade Loans**

**Condition:**

- A. During our audit of the Community Development fund, we noted that there is no policy currently established over the Revolving and Façade Loans. The City does have a committee in place that reviews these loans however; a policy should be implemented for the committee to follow. The policy should include items such as:
- Authorization procedures that include management review and the Common Council's approval for each agreement
  - Program eligibility and other Program requirements
  - Policy with regard to the consistency of the general terms, covenants, and limits of each loan
  - Collection procedures that include actions to be taken in the event of default
  - Procedure for maintaining a centralized filing system for loan documents
  - Accounting procedures for maintenance of subsidiary and general ledgers
  - Periodic review by management of the status of loans and reporting to the Common Council
  - Procedures for properly authorized write-offs of uncollectible amounts.
- B. While auditing the loans we noted \$17,252 in revolving loans and \$18,189 in façade loans that were past due. Management should review any past due loan balances and should take appropriate action to collect these balances.

(Continued)

**CITY OF ONEIDA, NEW YORK**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2014**  
**(Continued)**

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*Cause:* Unknown

*Criteria:* The Community Development Block Grant regulations require that grantees have a loan origination and servicing system in effect which assures that loans are properly authorized, receivables are properly established, earned income is properly recorded and used, and write-offs of uncollectible amounts are properly authorized (24 CFR sections 570.500, 570.501, 570.504, 570.506 and 570.513).

*Effect:* When proper policies and procedures are not in effect, there is an increased potential for errors and other irregularities.

*Recommendation:* We recommend that management institute appropriate policies and procedures including the items listed above. All receivable balances should be reviewed and past due amounts should follow the approved collection procedures.

*Status:* The above findings were noted again in the current year. However, management appears to have taken appropriate action to collect on past due balances which totaled \$42,404 at December 31, 2014. Late fees have been invoked appropriately and court procedures have taken place.

**2012-003 Water and Sewer Billings**

*Condition:* During our audit over the water and sewer billings, we noted the following areas in need of improvement:

- Currently there is no documented review of the billing rates entered into the system to ensure the rates billed are correct.
- No formal reconciliation is done for amounts billed to ensure all billable properties were billed and the amount billed correct.
- There is no formal approval for making changes related to incorrect meter readings.

*Cause:* Unknown

*Criteria:* In order for a control system to be effective, proper segregation of duties or an alternative system of mitigating oversight controls should be established.

*Effect:* Without proper controls in place over billing, there is an increased potential for errors and other irregularities.

*Recommendation:* Billing rates should be reviewed prior to bills being mailed to ensure they appear reasonable and amounts billed are correctly calculated. A formal reconciliation and review process should be established for all billings. When changes are required in the billing system, they should be formally approved.

*Status:* The above findings were noted again in current year.

**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S RESPONSE TO FINDINGS IN THE 2012 AUDIT**  
**For the Year Ended December 31, 2014**

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**II. Significant Deficiencies**

**2012-002 Revolving Loan Funds and Façade Loans**

*Management's Response:* There are strict State and Federal Guidelines that are adhered to pertaining to CD and Revolving Loans. The Mayor instructed the Planning Director to solely run the program. Applications for loans are reviewed and approved by Council.

**2012-003 Water and Sewer Billings**

*Management's Response:* The water rates are formally adopted annually by the Common Council and input into KVS. These new rates are printed and placed in the rate book (Once a year if changed). All monthly consumption and rates are also calculated and compared with an Excel spread sheet. Gallon usage are also input into an Excel spread sheet to check for proper meter operation.

Changes to the billing system include address and name. Adjustments are included in a report and individually recorded in the three ring binder of such. All adjustments are made in accordance with a reread tag or other supporting documentation.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

The City of Oneida, New York's (City of Oneida) management discussion and analysis of financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole. This section will explain the differences between the current and prior-year assets, liabilities, and changes in net position. This should be read in conjunction with the financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

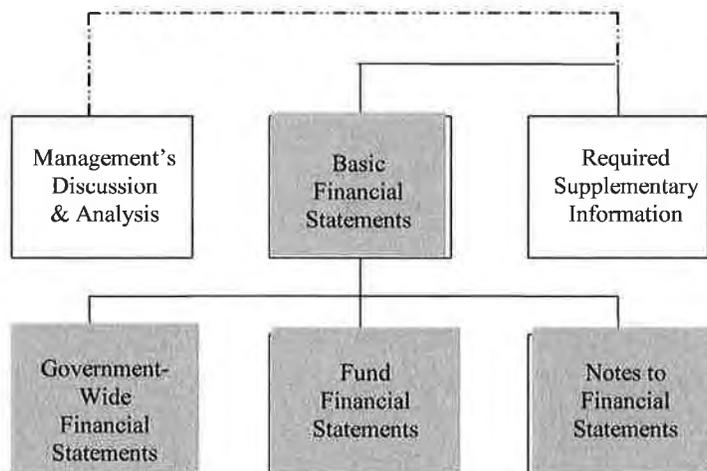
Key financial highlights for fiscal year 2014 are as follows:

- The City's total net position, as reflected in the Government-wide financial statements, decreased by \$377,613. This was the result of a prior-period adjustment to fixed assets that decreased the beginning net position by \$18,595 and a change in net position, from current operations, that decreased the net position by \$359,018.
- The City's expenses for the year, as reflected in the Government-wide financial statements, totaled \$18,065,828. The City's expenses were directly offset by the following revenue sources: \$6,828,869 charges for services, \$644,073 operating grants, and 148,514 capital grants. General revenues of \$10,085,354 amount to 57% of total revenues. These revenues partially covered the balance of program expenses leaving a deficit of \$359,018.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, decreased by \$444,637 to a balance of \$4,127,121.
- The Water Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, decreased by \$314,000, to \$2,253,825. The Water fund's expenditures increased by \$208,765 from 2013 to 2014.
- The Sewer Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, increased by \$591,281, to a balance of \$2,643,258.
- In late June of 2013, the City experienced a devastating flood in what is known as the "flats" portion of the City that affected roughly 1,000 residents. This flood affected approximately 240 structures. The City of Oneida housed all of its main departments in that area of the City as well. The expenses to repair the damage totaled \$1,939,573. During the years ended December 31, 2014 and 2013, the City of Oneida recognized revenues of \$1,920,264 in Emergency Disaster Aid of which \$1,052,064 was from FEMA, \$259,519 is expected from the NYS Emergency Management, and \$608,681 was from insurance recoveries.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – Management's Discussion and Analysis (MD&A), the basic financial statements and required supplementary information. The basic financial statements consist of Government-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:

**BASIC FINANCIAL STATEMENT MATRIX**



**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

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**A. Government-wide Financial Statements**

The Government-wide financial statements are organized to provide an understanding of the fiscal performance of the City as a whole in a manner similar to a private sector business. There are two Government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the City's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net positions are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the City's funds, not the City as a whole. 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 also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the City are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the City's operations and the services it provides.

Because the focus of governmental funds is narrower than that of Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, you may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds, General, Community Development, Miscellaneous Special Revenue, Water, Sewer and Capital funds, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in its capacity as agent or trustee. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the City's Government-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

**3. FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**A. Net Position**

The City's total net position decreased \$359,018 between fiscal year 2014 and 2013. A summary of the City's Statement of Net Position at December 31, 2014 and 2013 is as follows:

	2014	(Restated) 2013	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 12,584,355	\$ 12,362,392	\$ 221,963	1.8%
Capital Assets, (Net of Accumulated Depreciation)	<u>48,823,740</u>	<u>46,769,435</u>	<u>2,054,305</u>	4.2%
Total Assets	<u>\$ 61,408,095</u>	<u>\$ 59,131,827</u>	<u>\$ 2,276,268</u>	3.7%
Non-Current Liabilities	\$ 27,810,198	\$ 26,922,530	\$ 887,668	3.3%
Other Liabilities	<u>3,481,555</u>	<u>1,733,937</u>	<u>1,747,618</u>	100.8%
Total Liabilities	<u>\$ 31,291,753</u>	<u>\$ 28,656,467</u>	<u>\$ 2,635,286</u>	9.2%
Net Position				
Net Investment in Capital Assets	\$ 38,120,380	\$ 35,241,941	\$ 2,878,439	8.2%
Restricted	151,654	938,630	(786,976)	(83.8%)
Unrestricted (Deficit)	<u>(8,155,692)</u>	<u>(5,705,211)</u>	<u>(2,450,481)</u>	(43.0%)
Total Net Position	<u>\$ 30,116,342</u>	<u>\$ 30,475,360</u>	<u>\$ (359,018)</u>	(1.2%)

Current and Other Assets increased by \$221,963, as compared to the prior year. This increase is primarily due to the increase in cash and cash equivalents of \$1,120,572 and a decrease in restricted cash of \$786,976. The two changes are related to the costs incurred and reimbursed by FEMA and flood insurance recoveries.

Capital assets increased by \$2,054,305, as compared to the prior year. This increase is primarily due to an increase in construction in progress of the 2012 Fish Creek Project.

Other liabilities increased by \$1,747,618 as compared to the prior year. This increase is primarily due to an increase in bond anticipation notes payable of \$1,730,000.

Non-current liabilities increased by \$887,668 as compared to the prior year. This increase is the result of the net increase in compensated absences and OPEB liability exceeding the decrease in long term debt.

The net position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support City operations.

The restricted portion of the net position represents funds being held to finance the cost of construction or reconstruction of water treatment and transmission facilities. The funds can only be spent on specific public improvements. This reserve decreased a net of \$786,976. This decrease was due to a \$880,000 appropriation for a capital project. The appropriation of a reserve was offset by a transfer of unappropriated funds to the reserve for \$92,190.

The unrestricted net deficit at December 31, 2014, is \$8,155,692, which represents the amount by which the City's liabilities, excluding debt related to capital construction and restrictions of net position, exceeded the City's assets other than capital assets.

**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2014**

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. Non-property tax items consist of New York State sales tax, utility tax and franchise tax.

A summary of this statement for the years ended December 31, 2014 and 2013 is as follows:

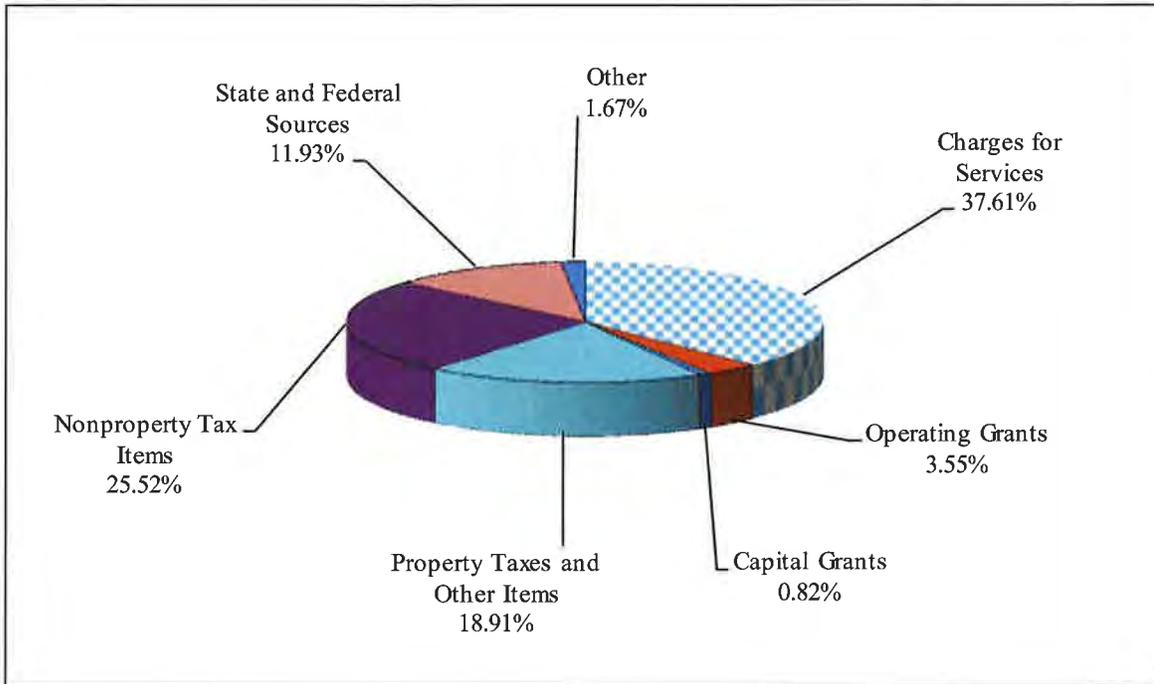
<b>Revenues</b>	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Program Revenues</b>				
Charges for Services	\$ 6,828,869	\$ 5,803,344	\$ 1,025,525	17.7%
Operating Grants	644,073	164,320	479,753	292.0%
Capital Grants	148,514	228,000	(79,486)	(34.9%)
<b>General Revenues</b>				
Property Taxes and Other Items	3,433,758	3,374,113	59,645	1.8%
Nonproperty Tax Items	4,633,048	4,580,043	53,005	1.2%
State and Federal Sources	2,165,254	2,854,569	(689,315)	(24.1%)
Loss on the Disposition of Property	(450,060)	(11,973)	(438,087)	(3659.0%)
Other	303,354	111,396	191,958	172.3%
<b>Total Revenues</b>	<u>17,706,810</u>	<u>17,103,812</u>	<u>602,998</u>	<u>3.5%</u>
<b>Expenses</b>				
General Government Support	1,745,071	2,016,731	(271,660)	(13.5%)
Public Safety	7,520,508	7,114,884	405,624	5.7%
Public Health	71,924	23,654	48,270	204.1%
Transportation	2,627,822	2,408,555	219,267	9.1%
Economic Assistance and Opportunity	1,500		1,500	100.0%
Home and Community Services	5,308,161	6,161,549	(853,388)	(13.9%)
Culture and Recreation	651,011	608,014	42,997	7.1%
Debt Service - Interest	139,831	132,461	7,370	5.6%
<b>Total Expenses</b>	<u>18,065,828</u>	<u>18,465,848</u>	<u>(400,020)</u>	<u>(2.2%)</u>
<b>Total Change in Net Positions</b>	<u>\$ (359,018)</u>	<u>\$ (1,362,036)</u>	<u>\$ 1,003,018</u>	

- Charges for Services - The increase to charges for services is due to increased Water and Sewer revenues that totaled to \$913,462.
- State and Federal Sources – The decrease is due to FEMA aid recognized as revenue during 2013.
- Home and Community Services – The decrease is due to costs incurred during 2013 due to the flood.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

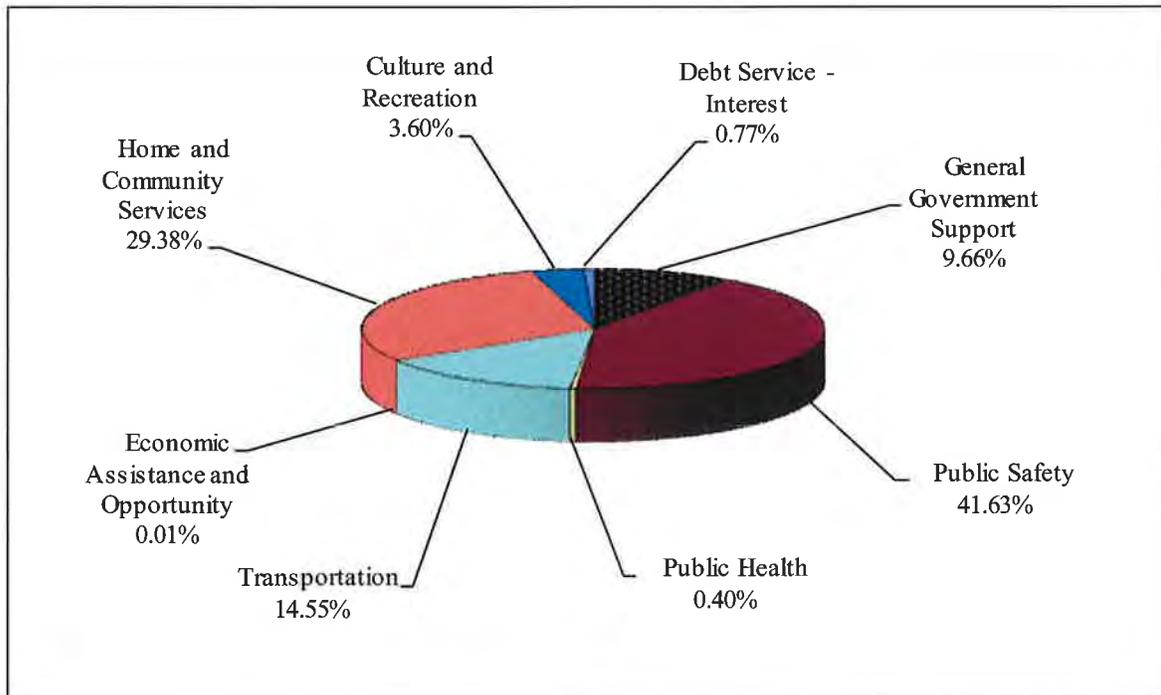
A graphic display of the distribution of revenues is as follows:

**For the Year Ended December 31, 2014**



A graphic display of the distribution of expenses is as follows:

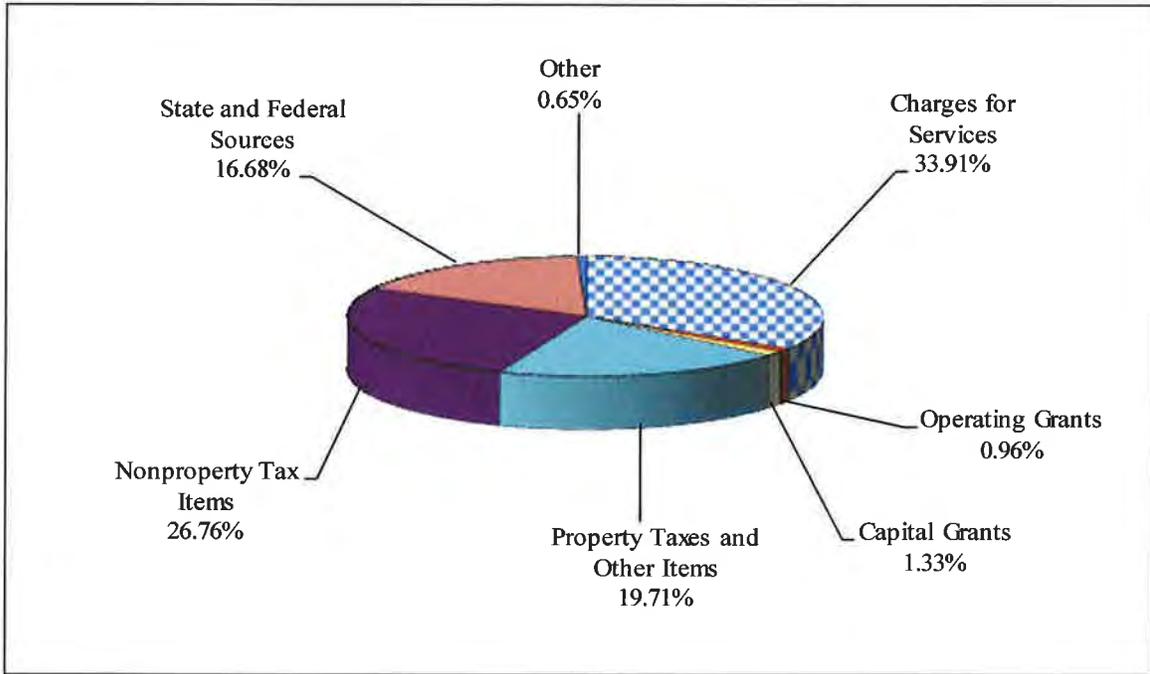
**For the Year Ended December 31, 2014**



**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

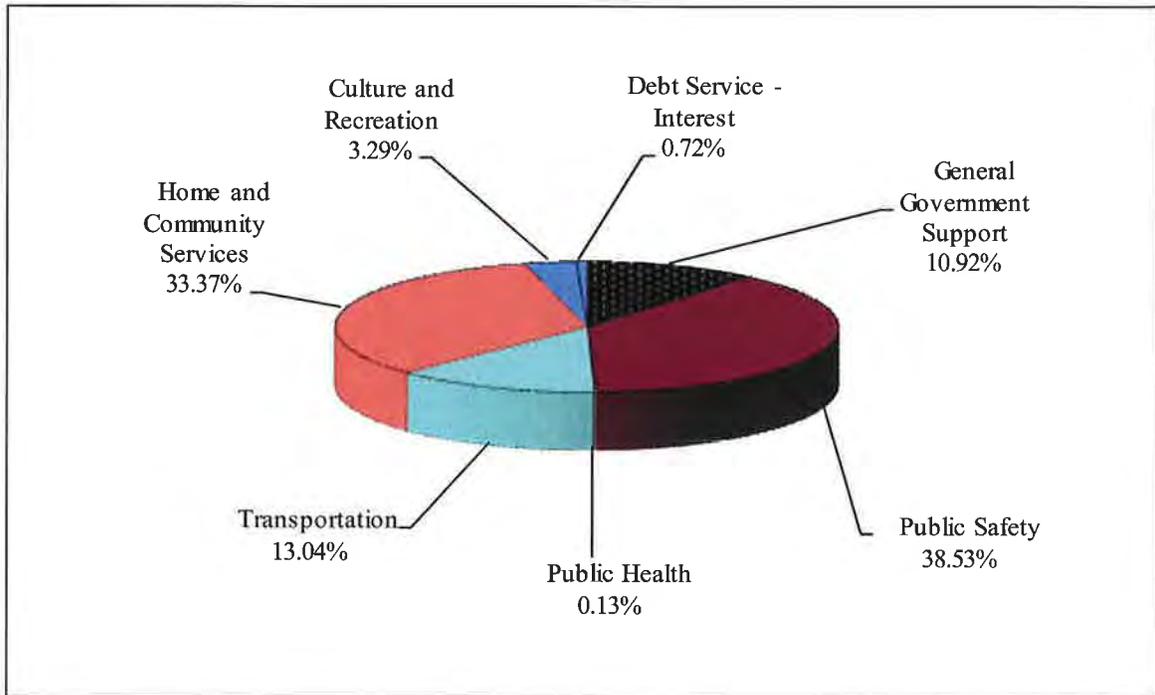
A graphic display of the distribution of revenues is as follows:

**For the Year Ended December 31, 2013**



A graphic display of the distribution of expenses is as follows:

**For the Year Ended December 31, 2013**



**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

**4. FINANCIAL ANALYSIS OF THE CITY'S FUND BALANCES**

At December 31, 2014, the City's governmental funds reported a combined fund balance of \$7,899,450, which is a decrease of \$1,643,730 from the prior year. This decrease is due to a deficit of revenues over expenditures for the year primarily in the Capital Fund. A summary of the change in fund balance by fund is as follows:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<b>General</b>			
Nonspendable	\$ 428,784	\$ 487,867	\$ (59,083)
Assigned	1,252,305	650,555	601,750
Unassigned	<u>2,446,032</u>	<u>3,433,336</u>	<u>(987,304)</u>
	<u>4,127,121</u>	<u>4,571,758</u>	<u>(444,637)</u>
<b>Community Development</b>			
Nonspendable	112,329	209,097	(96,768)
Assigned	<u>648,651</u>	<u>549,527</u>	<u>99,124</u>
	<u>760,980</u>	<u>758,624</u>	<u>2,356</u>
<b>Miscellaneous Special Revenue</b>			
Assigned	<u>41,771</u>	<u>46,065</u>	<u>(4,294)</u>
<b>Water</b>			
Nonspendable	172,446	160,866	11,580
Restricted	151,654	938,630	(786,976)
Assigned	<u>1,929,725</u>	<u>1,468,329</u>	<u>461,396</u>
	<u>2,253,825</u>	<u>2,567,825</u>	<u>(314,000)</u>
<b>Sewer</b>			
Nonspendable	46,400	31,752	14,648
Assigned	<u>2,596,858</u>	<u>2,020,225</u>	<u>576,633</u>
	<u>2,643,258</u>	<u>2,051,977</u>	<u>591,281</u>
<b>Capital</b>			
Unassigned (Deficit)	<u>(1,927,505)</u>	<u>(453,069)</u>	<u>(1,474,436)</u>
	<u>(1,927,505)</u>	<u>(453,069)</u>	<u>(1,474,436)</u>
 Total Fund Balance	 <u>\$ 7,899,450</u>	 <u>\$ 9,543,180</u>	 <u>\$ (1,643,730)</u>

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's adopted budget for the year ended December 31, 2014, for the following funds totaled \$18,399,676. The 2014 General Fund budget was \$11,738,886 which was \$642,663 higher than the 2013 budget. The budgets were adopted and amended as follows:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>
<b>Change from Adopted Budget to Revised Budget</b>					
Adopted Budget	\$ 11,738,886	\$ 436,000	\$ 54,850	\$ 3,080,076	\$ 3,040,931
Add: Prior Year's Encumbrances	<u>31,479</u>	<u>586</u>		<u>3,697</u>	<u>13,171</u>
Original and Adopted Budget	<u>11,770,365</u>	<u>436,586</u>	<u>54,850</u>	<u>3,083,773</u>	<u>3,054,102</u>
Amendments:					
Interfund Transfer to Capital	471,012			880,000	431,521
Interfund Transfer to Non-Capital		13,000	33,397		
State Aid - CHIPS	(262,939)				
Departmental Income	126,107	179,397	(32,397)	98,945	(401,655)
Debt Service Principal	15,506				
Debt Service Interest	1,751				4,100
Miscellaneous		<u>6,000</u>			
Total Amendments	<u>351,437</u>	<u>198,397</u>	<u>1,000</u>	<u>978,945</u>	<u>33,966</u>
Final Budget	<u>\$ 12,121,802</u>	<u>\$ 634,983</u>	<u>\$ 55,850</u>	<u>\$ 4,062,718</u>	<u>\$ 3,088,068</u>

The majority of the funding sources for the budgets consisted of \$3,453,326 in property taxes, \$4,633,048 in non-property taxes, and \$5,449,391 in departmental income.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At December 31, 2014, the City had invested in a broad range of capital assets, including land, construction in progress, infrastructure, buildings and improvements and equipment. The net increase in capital assets is due to capital additions exceeding depreciation recorded for the year ended December 31, 2014. A summary of the City's capital assets, net of accumulated depreciation at December 31, 2014 and 2013, is as follows:

	<u>2014</u>	<u>(Restated) 2013</u>	<u>Increase/ (Decrease)</u>
Land	\$ 2,352,649	\$ 2,352,649	\$
Construction in Progress	3,634,144	1,983,374	1,650,770
Buildings	16,797,368	15,100,629	1,696,739
Infrastructure	19,346,636	20,001,992	(655,356)
Improvements	4,407,007	4,800,407	(393,400)
Equipment	<u>2,285,936</u>	<u>2,530,384</u>	<u>(244,448)</u>
Capital Assets, Net	<u>\$ 48,823,740</u>	<u>\$ 46,769,435</u>	<u>\$ 2,054,305</u>

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

**B. Debt Administration**

At December 31, 2014, the City had total bonds payable of \$10,703,360. A summary of the outstanding debt at December 31, 2014 and 2013 is as follows:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate (%)	Outstanding Amount		Increase (Decrease)
				2014	2013	
<b>General Fund</b>						
2003	Dec-2003	Dec-2016	3.5	\$ 191,418	\$ 330,000	\$ (138,582)
2011	Feb-2011	Dec-2023	2	1,950,000	2,130,000	(180,000)
				<u>2,141,418</u>	<u>2,460,000</u>	<u>(318,582)</u>
<b>Water Fund</b>						
2000	Mar-2000	Dec-2019	5.17	1,300,000	1,545,000	(245,000)
				<u>1,300,000</u>	<u>1,545,000</u>	<u>(245,000)</u>
<b>Sewer Fund</b>						
2009	Jul-2009	Apr-2039	0	7,228,360	7,517,494	(289,134)
2003	Dec-2003	Dec-2016	3.5	33,582	50,000	(16,418)
				<u>7,261,942</u>	<u>7,567,494</u>	<u>(305,552)</u>
Total Long Term Debt				<u>\$ 10,703,360</u>	<u>\$ 11,572,494</u>	<u>\$ (869,134)</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Oneida, which was incorporated on March 28, 1901, is governed by the Charter of the City of Oneida, the General City law and other general laws the State of New York (and various local laws and ordinances).

The Common Council, which is the legislative body responsible for the overall operation of the city, consists of the Mayor and six council members. The Mayor serves as Chief Executive Officer and the Comptroller serves as Chief Fiscal Officer of the City.

The City provides the following basic services: water and sewer facilities, fire and police protection, care and maintenance of city streets, and culture and recreation.

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The 2015 budget contains budget reductions in those areas the City has control of, while minimizing the impact to essential City services. The issue of taxpayer burden is an area of significant concern. The major sources of revenue are sales tax (35%), property taxes (27%), and state aid (15%). Revenues have dropped slightly since 2014. A property tax increase of 7.70% was included in the 2015 budget. This was necessary due to the loss of revenue from the Oneida Indian Nation (\$164,064.09).

The City of Oneida, as well as most local governments in New York State, continues to bear the burden of rapidly increasing health care costs and retirement costs. Both of these issues have a major impact on the general fund budget. The 2015 budgeted health care expenditures represent and retirement expenditures 17% and 11% of the general fund budget, respectively.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

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Non-Management employees are represented by three unions. The Police Benevolent Association, Oneida Paid Firefighters Association and CSEA. Labor contracts will be negotiated and renewed in 2015. Medical coverage for employees is dictated by these contracts. Union Negotiations will be ongoing throughout 2015.

**Downtown Beautification**

A downtown beautification project is planned upon the anticipated receipt of a \$20,000 grant, which will improve community aesthetics, further enhance the downtown properties, and help ensure the quality of life for all City residents and businesses.

**West Elm Street Extension**

The City is exploring development of a 400 acre lot on West Elm Street, and the Madison County Industrial Development Agency has received a \$1M grant for the project.

This project was originally designed in 2006 and shelved because of funding issues. The lot has been rezoned to Manufacturing-Industrial to be one step closer. The City had a tight time frame for completion at the end of 2014. The total cost will be approximately \$2M. The Council approved taking \$200K from the Revolving Loan Fund for this project, and the Mayor has sent a letter the Madison County Board of Supervisors Chairman, asking for matching funds from the County's Revolving Loan Fund. The Charter says the costs for water are 75% to the property owner and 25% to the City. The sewer costs are a 100% expense of the City.

This major initiative positions the City with future growth potential. This is a single owned 420 acre industrial lot with 100 acres of frontage on the CSX railroad, and there are two different points of access. CSX rail lines run through 26 different states, and they have the capabilities to aggressively market this property. National Grid has proposed a \$125K grant. The goal is to make this a shovel-ready site by extending the water and sewer lines to this area. Several County buildings and the Oneida Middle School would have the option to tie in as well.

This project may potentially bring a \$200M to \$300M facility to that site, along with ancillary businesses.

**Fish Creek Crossing Improvements**

This project includes the construction of approximately 12,800 feet of 24-inch diameter water mains, including crossings of Fish Creek and Furnace Creek, and related appurtenances along Coal Hill Road, Main Street, and New York State Route 69 in the Town of Annsville, New York. \$880,000 will be appropriated from the water reserve fund and \$2,200,000 will be bonded.

**The Oneida Rail Trail**

In 2013, the Recreation Department undertook the "Rail Trail Project". When completed, the Oneida Rail Trail will be approximately 10.75 miles of trails – mostly along existing rail beds, but in some places connecting roadways must be used. The trail connects to Maxwell Field, DuRoss Conservancy, and Oneida Community Mansion House trails, which means access to an additional 3 miles worth of trails. The trail links the City of Oneida and Village of Wampsville (with easy access to Old Erie Canal Towpath) and the City of Sherrill. The majority of the trail segments are already owned by the City of Oneida, some are owned by utilities and a few are held by private landowners.

Rail Trails are good for the environment because they reduce greenhouse gas emissions; protect Open Space; greenways protect open space and provide corridors for wildlife; and they can help control flooding and protect water quality and fragile ecosystems and offer an alternative to driving. With a connected trail and sidewalk system, communities can help retain their seniors by keeping them independent even when they can no longer drive.

Preserve Historic Heritage and an Educational Resource by providing an opportunity to tell a story. Greenways and trails also provide opportunities for adults and children to experience and understand the natural world. Railroads played an important part in the development of New York State by facilitating trade and westward expansion. They can also provide a positive place for social interaction. A quote from Anne Lusk, Stowe Vermont greenway advocate, may say it best: "People are different on a path".

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

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Trails can create spin-off businesses such as bike shops, bed and breakfasts, and ice cream shops. Trails Enhance Quality of Life, and is a desired asset.

Many studies demonstrate that parks, greenways and trails increase nearby property values, thus increasing local tax revenues. Quality of Life is a crucial factor in recruiting and keeping good employees. Community trails provide an easy access point for daily exercise.

The Oneida Rail Trail project continued to gain steam in 2014. We ended 2013 hoping to be selected as one of the transportation projects by the New York State DOT. The good news was received in January that the City of Oneida was selected to receive \$545,000 in funding to construct 3.1 miles of handicapped accessible trail from the Erie Canal Trailway in Wampsville to N. Willow Street in Oneida. People from all over the state, country and even world travel the Erie Canal Trailway. This can only help to increase the Oneida Rail Trail's visibility. Riding the momentum of support the City of Oneida, with the help of its ORT partner, the Madison County Planning Department, submitted its application for NYS DOT TAP (Transportation Alternatives Program) funding in June of 2014. In late October we learned the City of Oneida was awarded \$716,000 for the 0.8 mile stretch of the ORT picking up where the TAP funding left off and extending through downtown Oneida.

As the ORT Committee reflects on the past year, we look forward to 2015 as we work to design the four miles of trail that we graciously received funding for. Those four miles will contain the path to the future ensuring that people of all abilities can utilize it and the link to the past that will keep the history of our community alive and well.

**WWTP Gas Monitoring and Biogas Flare**

The proposed project will provide monitoring for flammable and toxic gases and alarms to protect employees when dangerous conditions exist. Gas detection will be installed within the WWTP influent building, digester gallery and lower gallery within the main plant.

The project also includes replacement of a flare and associated natural gas piping to safely burnoff biogas from the WWTP digesters.

The total estimated project cost is \$246,300 from the Sewer Fund. The project is being implemented for staff safety and codes compliance. There is no anticipated economic benefit.

**Maxwell Field Stream bank Stabilization**

Project includes stabilizing 425 linear feet of streambank contiguous to the Maxwell Field youth baseball complex with stone rip rap per NYS DEC guidelines. Active bank erosion has created safety concerns for users of the field and maintenance staff. The erosion also creates a water quality concern due to stream sedimentation.

The project is being funded through a WQIP DEC grant in coordination with the Madison County Soil and Water Conservation Department.

The estimated total project cost is \$46,071. No economic benefits are anticipated.

**Municipal Solar PPA Project**

Project includes installation of a 2.8 MW ground mounted solar array procured through a power purchase agreement with the developer GroSolar. RFPs were submitted in accordance with Article 9 of the NYS energy code. No capital costs will be spent by the City to construct the project. The City is responsible to purchase the power produced at a fixed non-escalating rate for 25- yrs. The total projected economic savings for the 25 year term is \$6,132,687. This is based on an annual 2.5% utility escalator (National Grid tariff) and a 0.5% panel degradation factor.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2014**

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**8. CONTACTING THE CITY**

This financial report is designed to provide the City's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

**City Comptroller  
City of Oneida  
109 N. Main Street  
Oneida, New York 13421**

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**

		Governmental Activities
<b>Assets</b>		
Cash and Cash Equivalents	\$	8,095,582
Restricted Cash		151,654
Tax Sale Certificates		1,255,709
Property Acquired for Taxes		42,249
Assessments Receivable		16,795
Accounts Receivable		692,833
Loans Receivable		254,986
Due From Other Governments		1,469,166
Prepaid Expenditures		605,381
Capital Assets (Net of Accumulated Depreciation)		48,823,740
<b>Total Assets</b>		<b>\$ 61,408,095</b>
<b>Liabilities</b>		
Accounts Payable	\$	237,267
Accrued Liabilities		234,539
Accrued Interest		8,837
Due To Other Governments		90,912
Bond Anticipation Notes Payable		2,910,000
Noncurrent Liabilities		
Due Within One Year		
Bonds Payable		834,134
Due in More Than One Year		
Bonds Payable		9,869,226
Compensated Absences Payable		788,134
OPEB		16,318,704
<b>Total Liabilities</b>		<b>31,291,753</b>
<b>Net Position</b>		
Net Investment in Capital Assets		38,120,380
Restricted		151,654
Unrestricted (Deficit)		(8,155,692)
<b>Total Net Position</b>		<b>30,116,342</b>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>61,408,095</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government Support	\$ 1,745,071	\$ 5,993,881	\$	\$	\$ 4,248,810
Public Safety	7,520,508	709,516			(6,810,992)
Public Health	71,924				(71,924)
Transportation	2,627,822	50,475	208,073	17,595	(2,351,679)
Social Services	1,500				(1,500)
Home and Community Services	5,308,161	372	436,000		(4,871,789)
Culture and Recreation	651,011	74,625		130,919	(445,467)
Debt Service - Interest	139,831				(139,831)
<b>Total Governmental Activities</b>	<u>\$ 18,065,828</u>	<u>\$ 6,828,869</u>	<u>\$ 644,073</u>	<u>\$ 148,514</u>	<u>(10,444,372)</u>

**General Revenues**

Real Property Taxes	3,245,041
Other Real Property Tax Items	188,717
Nonproperty Tax Items	4,633,048
General State Aid	1,833,193
State Aid-Flood	259,519
Federal Aid-Flood	72,542
Use of Money and Property	50,995
Compensation for Loss	178,283
Loss on the Disposition of Property	(450,060)
Miscellaneous	74,076
<b>Total General Revenues</b>	<u>10,085,354</u>
Change in Net Position	<u>(359,018)</u>
Net Position, Beginning of Year	30,493,955
Prior Period Adjustment	<u>(18,595)</u>
Net Position, Beginning of Year (Restated)	<u>30,475,360</u>
Net Position, End of Year	<u>\$ 30,116,342</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 December 31, 2014

	Governmental					Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	
<b>Assets</b>						
Unrestricted Cash and Cash Equivalents	\$ 3,499,078	\$ 445,813	\$ 41,771	\$ 1,675,624	\$ 1,532,924	\$ 900,372
Restricted Cash				151,654		
Tax Sale Certificates	1,255,709					
Property Acquired for Taxes	42,249					
Assessments Receivable	16,795					
Accounts Receivable	24,941			292,734	375,158	
Loans Receivable		254,986				
Due from Other Funds	13,949	1,975		759	2	208,073
Due from Other Governments	597,580	78,146		6,874	768,971	17,595
Prepaid Expenditures	386,535			172,446	46,400	
<b>Total Current Assets</b>	<u>\$ 5,836,836</u>	<u>\$ 780,920</u>	<u>\$ 41,771</u>	<u>\$ 2,300,091</u>	<u>\$ 2,723,455</u>	<u>\$ 1,126,040</u>
						<u>\$ 12,809,113</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 47,390	\$ 4,153		\$ 6,863	\$ 36,214	\$ 142,647
Accrued Liabilities	151,153			39,403	43,983	
Due to Other Funds	208,073	15,787			898	
Due to Other Governments						90,912
Bond Anticipation Notes Payable						2,910,000
<b>Total Current Liabilities</b>	<u>497,528</u>	<u>19,940</u>		<u>46,266</u>	<u>80,197</u>	<u>3,053,545</u>
						<u>2,910,000</u>
						<u>3,697,476</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Real Property Taxes						1,212,187
<b>Fund Balances (Deficit)</b>						
Non-spendable	428,784	112,329		172,446	46,400	759,959
Restricted				151,654		151,654
Assigned	1,252,305	648,651	41,771	1,929,725	2,596,858	6,469,310
Unassigned (Deficit)	2,446,032					(1,927,505)
<b>Fund Balances (Deficit)</b>	<u>4,127,121</u>	<u>760,980</u>	<u>41,771</u>	<u>2,253,825</u>	<u>2,643,258</u>	<u>(1,927,505)</u>
						<u>7,899,450</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<u>\$ 5,836,836</u>	<u>\$ 780,920</u>	<u>\$ 41,771</u>	<u>\$ 2,300,091</u>	<u>\$ 2,723,455</u>	<u>\$ 1,126,040</u>
						<u>\$ 12,809,113</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**December 31, 2014**

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<b>Governmental Fund Balance</b>		<b>\$ 7,899,450</b>
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
	Original Cost of Capital Assets	97,901,588
	Accumulated Depreciation	<u>(49,077,848)</u>
		48,823,740
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		1,212,187
Long-term liabilities, OPEB Liability and Compensated Absences, are not due and payable in the current-period and therefore are not reported in the funds. Long-term liabilities consisted of the following at year end:		
	Bonds Payable	(10,703,360)
	Accrued Interest	(8,837)
	Compensated Absences Payable	(788,134)
	OPEB	<u>(16,318,704)</u>
		<u>(27,819,035)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 30,116,342</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2014**

	Governmental						Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	Capital	
<b>Revenues</b>							
Real Property Taxes	\$ 3,087,784	\$	\$ 40,389	\$	\$	\$	\$ 3,128,173
Other Real Property Tax Items	188,717						188,717
Nonproperty Tax Items	4,633,048						4,633,048
Departmental Income	223,825	372	10,768	3,213,361	2,690,516		6,138,842
Intergovernmental Charges	683,818						683,818
Use of Money and Property	19,649	5,991	265	17,621	7,469		50,995
Licenses and Permits	89,864				350		90,214
Fines and Forfeitures	124,068						124,068
Sale of Property and Compensation for Loss	69,825			13,790	94,668		178,283
Miscellaneous	32,724	7,155		(1,784)	35,981		74,076
State Aid	1,920,022	436,000		1,967	170,723	17,595	2,546,307
Federal Aid	130,919				72,542		203,461
<b>Total Revenues</b>	<b>11,073,344</b>	<b>580,437</b>	<b>51,422</b>	<b>3,244,955</b>	<b>3,072,249</b>	<b>17,595</b>	<b>18,040,002</b>
<b>Expenditures</b>							
General Government Support	1,204,878						1,204,878
Public Safety	3,999,201					2,886	4,002,087
Public Health	38,806						38,806
Transportation	1,146,533					226,658	1,373,191
Economic Assistance and Opportunity	1,500						1,500
Home and Community Services	278,221	578,081	22,319	1,845,847	1,333,059	2,871,875	6,929,402
Culture and Recreation	374,267					8,176	382,443
Employee Benefits	3,904,489			568,549	313,215		4,786,253
Debt Service - Principal	333,582			245,000	305,552		884,134
Debt Service - Interest	93,265			27,152	20,621		141,038
<b>Total Expenditures</b>	<b>11,374,742</b>	<b>578,081</b>	<b>22,319</b>	<b>2,686,548</b>	<b>1,972,447</b>	<b>3,109,595</b>	<b>19,743,732</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>(301,398)</b>	<b>2,356</b>	<b>29,103</b>	<b>558,407</b>	<b>1,099,802</b>	<b>(3,092,000)</b>	<b>(1,703,730)</b>
<b>Other Financing Sources (Uses)</b>							
Interfund Transfers From	173,834	7,000		57,593		1,628,594	1,867,021
Interfund Transfers To	(317,073)	(7,000)	(33,397)	(930,000)	(508,521)	(71,030)	(1,867,021)
Bond Anticipation Notes Redeemed from Appropriations						60,000	60,000
<b>Total Other Financing Sources (Uses)</b>	<b>(143,239)</b>	<b></b>	<b>(33,397)</b>	<b>(872,407)</b>	<b>(508,521)</b>	<b>1,617,564</b>	<b>60,000</b>
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources</b>	<b>(444,637)</b>	<b>2,356</b>	<b>(4,294)</b>	<b>(314,000)</b>	<b>591,281</b>	<b>(1,474,436)</b>	<b>(1,643,730)</b>
<b>Fund Balances (Deficit), Beginning of Year</b>	<b>4,571,758</b>	<b>758,624</b>	<b>46,065</b>	<b>2,567,825</b>	<b>2,051,977</b>	<b>(453,069)</b>	<b>9,543,180</b>
<b>Fund Balances (Deficit), End of Year</b>	<b>\$ 4,127,121</b>	<b>\$ 760,980</b>	<b>\$ 41,771</b>	<b>\$ 2,253,825</b>	<b>\$ 2,643,258</b>	<b>\$ (1,927,505)</b>	<b>\$ 7,899,450</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

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**Net Changes in Fund Balance - Total Governmental Funds** \$ (1,643,730)

Capital Outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation and dispositions in the period.

Capital Outlays	5,232,988	
Loss on Disposition	(450,060)	
Depreciation	<u>(2,728,623)</u>	2,054,305

Revenue in the statement of activities that do not provide current financial resources are not reported in the funds. 116,868

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Payments on Long Term Debt	824,134
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Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

OPEB Liability	(1,709,909)	
Accrued Interest	1,207	
Compensated Absences	<u>(1,893)</u>	<u>(1,710,595)</u>

**Change in Net Position Governmental Activities** **\$ (359,018)**

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2014**

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	<u>Agency</u>
<b>Assets</b>	
Unrestricted Cash	\$ 7,814
Other Assets	<u>929</u>
Total Assets	<u>\$ 8,743</u>
<b>Liabilities and Net Position</b>	
<b>Liabilities</b>	
Agency Liabilities	<u>\$ 8,743</u>
Total Liabilities	<u>\$ 8,743</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Oneida, New York (the City) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared primarily from accounts maintained by the City.

GASB is responsible for establishing U.S. GAAP for State and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies, established by U.S. GAAP and used by the City, are discussed below.

***Background***

The City is governed by the general laws of the State of New York, and various local laws and ordinances. The City's Common Council, which consists of the Mayor and six council members, is the legislative body responsible for the overall operation of the City. The Mayor serves as the Chief Executive Officer and the Comptroller serves as the Chief Fiscal Officer of the City.

The City provides the following basic services: public safety (police and fire), highways and streets, water and sewer and various recreational and community services. All governmental activities and functions performed by the City are its direct responsibility.

***Financial 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.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following organizations have been excluded from the reporting entity.

***(a) Excluded from the Reporting Entity***

Although the following organizations, functions or activities are related to the City, they are not included in the City reporting entity because of the reasons noted:

Oneida Hospital – On November 22, 1995, the City with the approval of the Public Health council of the State of New York, executed documents which, effective January 1, 1996, transferred the assets, liabilities and the operations of Oneida City Hospital to Oneida Health Systems, Inc., a private, not-for-profit hospital organized under Section 501(c)(3) of the Internal Revenue Code. Effective with the transfer, the City's ownership of the Hospital was terminated.

On January 1, 1996, the Hospital's unrestricted net assets of \$7,566,338 were converted into a residual receipts note. This note is being amortized over a period of 20 years and bear interest at a rate of 6.0%. Both principal and interest on the note is forgiven annually contingent upon the Hospital's continued service to the residents of the City. In effect, the City will assume a position of creditor rather than owner of the Hospital.

As the likelihood is remote, that any future economic benefit will be realized from the residual receipt note, it has not been recorded by the City.

City of Oneida Housing Authority – The City of Oneida Housing Authority (Authority) was created in 1968 pursuant to an act of the New York State Legislature, Public Housing Law, Article 13, Title 102 S 505. Five members of the Board are appointed by the Mayor and two by tenants. The City provides an annual subsidy in the form of exemption of Authority property from local municipal taxes. The Authority's debt is essentially supported by debt service subsidies received under contract from the federal government. The City is not responsible for the debt, does not approve the budget and is a relatively insignificant force in the operations of the Authority. Although the Mayor appoints the majority of the Board, he does not have the authority to remove or replace those members at will.

Industrial Development Agency – The Industrial Development Agency (Agency) is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities, and prosperity of the City's inhabitants.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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Members of the Agency are appointed by the municipal governing body which exercises no oversight responsibility. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The municipality is not liable for Agency bonds or notes.

Oneida City School District – Oneida City School District was created by State legislation which designees 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 exercises no oversight over school operations.

***Financial Statements - Government-Wide***

The City's financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Public safety, maintenance of roads, public works, recreation and culture, water, sewer, and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position (deficit). The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All direct expenses incurred are charged to the corresponding function. Capital asset additions that cannot be identified to a specific function are allocated based on total expenses by program.

Employee benefits are reported as a separate function on the fund financial statements. These costs have been allocated for the government-wide financial statements based on the respective payroll for each function.

The net costs (by function) are normally covered by general revenues (property, non-property, or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

***Basic Financial Statements - 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:

***(a) Major Funds:***

The emphasis in the fund financial statements is on the major governmental fund categories.

General Fund – this is the principal operating fund which is used to account for and report all operations not required to be recorded in other funds.

Community Development Fund – This fund is a special revenue fund used to account for revenues in the Community Development Block Grants and other federal sources that are legally restricted to expenditures for those specified purposes.

Miscellaneous Special Revenue Fund – This is a special revenue fund used to account for the revenues of hydrant districts that are legally restricted to expenditures.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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Water Fund – This is a special revenue fund used to account for the revenues of the water department that are legally restricted to expenditures.

Sewer Fund – This is a special revenue fund used to account for the revenues of the sewer department that are legally restricted to expenditures.

Capital Fund - Used to account for and reports financial resources to be used for the acquisition or construction of major capital facilities.

**(b) Fiduciary Fund Types** – Fiduciary funds are used to account for and report assets held in a trustee or agency capacity for others and therefore, are not available to support City programs.

The City's fiduciary fund is presented in the agency trust fund in the financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, deferred compensation participants, etc.) and cannot be used to address activities or obligations of the government, the fund is not incorporated into the government-wide statements.

***Measurement Focus and Basis of Accounting***

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Nonexchange transactions are transactions in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Nonexchange revenues are generally reported as nonoperating revenues. 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.

Modified Accrual Basis - All Governmental Funds Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City has defined the period of availability to be 60 days. The net receivables collected during the 2014 fiscal year and within the first sixty days of the subsequent fiscal year are recognized as revenues at year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Material revenues that are accrued include real property taxes, Federal and State aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursements.
- b. Principal on indebtedness is not recognized as an expenditure until due.
- c. Capital Fund Expenditures are recorded when paid.
- d. Compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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***Budget Policies***

The Budget policies are as follows:

- a. No later than October 31 of each year, the Mayor submits a tentative budget to the Common Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City. It enumerates those funds, which are to be borne by the City as a whole and those funds, which are to be chargeable only against special districts.
- b. After public hearings are conducted to obtain taxpayer comments, the Common Council adopts the budget.
- c. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is employed in the General, Community Development, Water, Sewer and Capital Project Funds. On a GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balance, which do not result in expenditures or liabilities on the Governmental Funds financial statements.
- d. All modifications of the budget must be approved by the Common Council.
- e. The annual budget adopted for the Community Development Block Grant is for a two to three year period.

***Budget Basis of Accounting*** – Budgets are adopted annually on a basis generally consistent with U.S. GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Appropriations lapse at the end of the year unless expended or encumbered. The budget may be amended by the Legislature for increased grants or State aid received during the year.

***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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

***Property Taxes***

Taxes are collected by the receiver of taxes during the period January 1 to November 30th.

The assessed full valuation of taxable real estate, established by the City Assessor's Office, upon which the 2014 levy was based, was \$493,800,877. The tax levy is limited to 2% of the five-year average of the above valuation by the New York State Constitution. At December 31, 2014, the City had exhausted 28.67% of its Constitutional Tax Limit.

The recognition of revenue from real property taxes is considered available to finance current operations if collected within 60 days after the end of the year. The net receivables collected during the 2014 fiscal year and within the first sixty days of the subsequent fiscal year are recognized as revenues at year end.

Assessment receivables due to governmental spending funds are reported on the balance sheet, regardless of their measurement focus. Recognition of governmental fund type revenues represented by these receivables are deferred until the funds are received.

***Sales Tax***

The Sales tax in the City was 8% at December 31, 2014. The collections are split between the municipalities as follows:

New York State	4.0%
Madison County	2.0%
City of Oneida	2.0%

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

The General Fund's nonproperty tax item mainly consists of sales tax revenue which is recorded on an accrual basis to the extent that such accrued amounts were received by New York State from vendors through December 31. The City also accrues its portion of such revenue attributable to the current year but remitted to the State in the subsequent year.

The General Fund's nonproperty tax item, recognized as revenue during the year ended December 31, 2014, is comprised of \$4,393,903 in sales tax.

***Capital Assets/Property, Plant, and Equipment***

Capital assets purchased or acquired with an original cost of \$500 or more and a useful life that extends beyond a year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure assets are capitalized on a prospective basis. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	40 Years
Machinery and Equipment	3-15 Years
Infrastructure	40 Years

***Receivables***

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues are estimated at the end of each fiscal year. Sewer and Water fund receivables are fully guaranteed by the General Fund of the City. Therefore, no allowance for doubtful accounts has been established for these funds.

***Deferred Inflows of Resources***

The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Insurance***

The City 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.

***Retirement Plan***

The City provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' Retirement System and the New York State Police and Fire Retirement System. These Systems are cost-sharing, multiple-employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

In addition to providing pension benefits, the City provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if City employees are eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans in which premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the City and the retired employee. Other postemployment benefit costs are measured and recorded using the accrual basis of accounting.

***Interfund Activity***

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charged the appropriate benefiting fund and reduced its related cost as reimbursement. All other interfund transactions are treated as transfers.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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***Compensated Absences***

City employees are granted vacation and sick leave in varying amounts and determined by negotiated contracts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limits.

For the government-wide financial statements, it is the City's policy to accrue all costs associated with earned, but not yet paid, compensated absences of all employees involved in the operations of the City's reporting entity. Governmental funds record an expenditure when paid.

***Cash and Cash Equivalents***

State statutes require that collateral be pledged at 100 percent of all deposits not covered by Federal Deposit Insurance Corporation insurance for demand deposits, time deposits, repurchase agreements, and certificates of deposit. Obligations of the United States Treasury and its agencies as well as obligations of New York State and its municipalities and school districts may be pledged. Investments are carried at market value.

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 Federal Deposit Insurance Corporation (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. 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 districts.

***Short-Term Debt***

The City may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

***Equity Classifications***

***(a) Government-wide Financial Statements***

In the Government-wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position (deficit) – reports all other net positions that do not meet the definition of the above two classifications and are deemed to be available for general use by the City.

***(b) Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-spendable***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the balances in prepaid expenditures, noncurrent loans receivable and property acquired for taxes.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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***Restricted Resources***

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the City's policy is to use restricted resources only when appropriated by the Common Council. When an expenditure is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The City has established the following restricted fund balance:

- ***Water Reserve***

The City has reserved fund equity in the Water Fund. These funds being held are to finance the cost of construction or reconstruction of water treatment and transmission facilities.

***Unrestricted Resources***

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

- ***Committed*** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, i.e., the Common Council. The City has no committed fund balances as of December 31, 2014.
- ***Assigned*** - Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Board or (b) the designated official, such as the City's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General Fund is also classified as Assigned Fund Balance in the General Fund. The remaining fund balances in the Community Development, Miscellaneous Special Revenue, Water and Sewer funds are assigned fund balances.
- ***Unassigned*** - Includes all other fund net positions that do not meet the definition of the above four classifications and are deemed to be available for general use by the City. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

***New Accounting Standard***

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, which will improve information provided by state and local governmental employers about financial support for pensions provided by other entities. GASB No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB No. 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. While the impact on the financial statements is not currently known, the City is currently studying the statement and plans on adoption when required for the year ended December 31, 2015 financial statements.

**2. 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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

***Total Fund Balances of Governmental Funds Compared To Net Positions of Governmental Activities***

Total fund balances of the City's governmental funds differs from "net positions" 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 Sheet.

**CITY OF ONEIDA, NEW YORK**  
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***Statement of Revenues, Expenditures, and Changes In Fund Balances Compared To Statement of Activities***

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

**(a) 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.

**(b) 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.

**(c) 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.

**(d) Employee Benefit Allocation**

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on the total salaries for each function on the Statement of Activities.

**3. BUDGET LIMITATIONS AND SUPPLEMENTAL APPROPRIATIONS**

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>
<b>Change from Adopted Budget to Revised Budget</b>					
Adopted Budget	\$ 11,738,886	\$ 436,000	\$ 54,850	\$ 3,080,076	\$ 3,040,931
Add: Prior Year's Encumbrances	<u>31,479</u>	<u>586</u>		<u>3,697</u>	<u>13,171</u>
Original and Adopted Budget	<u>11,770,365</u>	<u>436,586</u>	<u>54,850</u>	<u>3,083,773</u>	<u>3,054,102</u>
Amendments:					
Interfund Transfer to Capital	471,012			880,000	431,521
Interfund Transfer to Non-Capital		13,000	33,397		
State Aid - CHIPS	(262,939)				
Departmental Income	126,107	179,397	(32,397)	98,945	(401,655)
Debt Service Principal	15,506				
Debt Service Interest	1,751				4,100
Miscellaneous		<u>6,000</u>			
Total Amendments	<u>351,437</u>	<u>198,397</u>	<u>1,000</u>	<u>978,945</u>	<u>33,966</u>
Final Budget	<u>\$ 12,121,802</u>	<u>\$ 634,983</u>	<u>\$ 55,850</u>	<u>\$ 4,062,718</u>	<u>\$ 3,088,068</u>

**CITY OF ONEIDA, NEW YORK**  
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**For the Year Ended December 31, 2014**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

*Assets*

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be issued against losses. While the City does not have a specific policy for custodial credit risk, New York State statutes govern the City's investment policies, as discussed previously in these notes.

As of December 31, 2014, the City's bank balances of \$8,832,755 were not exposed to custodial credit risk because they were fully covered by FDIC and collateral in the name of the City.

***Loans Receivable***

***Revolving Loans***

The Community Development Fund provides loans to small businesses to develop innovative products and services and to create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans range from \$25,000 to \$403,000. The loans are to be repaid in monthly installments over 5 to 28 years at interest rates ranging from 1.75% to 4.75%.

The following is a schedule of future loan payments to the City:

	Principal	Interest	Total
2015	\$ 61,356	\$ 5,697	\$ 67,053
2016	38,005	4,363	42,368
2017	38,867	3,130	41,997
2018	24,948	2,112	27,060
2019	24,691	1,381	26,072
2019-2022	32,585	817	33,402
	\$ 220,452	\$ 17,500	\$ 237,952

***Facade Loans***

The Community Development Fund provides loans to small business to enhance the appearance of street front and lane facades. The program is funded through the City's Federal Community Development Block Grant. The various loans range from \$10,000 to \$11,200. The loans are to be repaid in monthly installments over 5 years at interest rates ranging from .94% to .99%. The following is a schedule of future loan payments to the City:

	Principal	Interest	Total
2015	\$ 31,823	\$ 35	\$ 31,858
2016	2,037	15	2,052
2017	674		674
	\$ 34,534	\$ 50	\$ 34,584

**CITY OF ONEIDA, NEW YORK**  
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**Capital Assets**

Capital asset activity for the governmental activities for the year ended December 31, 2014, was as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 2,549,549	\$ (196,900)	\$	\$	\$ 2,352,649
Construction in Progress	<u>1,983,374</u>	<u></u>	<u>3,303,396</u>	<u>1,652,626</u>	<u>3,634,144</u>
Total	<u>4,532,923</u>	<u>(196,900)</u>	<u>3,303,396</u>	<u>1,652,626</u>	<u>5,986,793</u>
<b>Capital Assets Being Depreciated</b>					
Buildings	32,853,083	(361,480)	2,725,588		35,217,191
Infrastructure	34,010,426	2,453,789	268,988		36,733,203
Improvements	12,688,051	(1,500)			12,686,551
Equipment	<u>9,638,298</u>	<u>(2,103,410)</u>	<u>587,642</u>	<u>844,680</u>	<u>7,277,850</u>
Total	<u>89,189,858</u>	<u>(12,601)</u>	<u>3,582,218</u>	<u>844,680</u>	<u>91,914,795</u>
<b>Accumulated Depreciation</b>					
Buildings	17,588,842	(197,868)	1,028,849		18,419,823
Infrastructure	16,462,522	(299)	924,344		17,386,567
Improvements	7,888,736	(2,592)	393,400		8,279,544
Equipment	<u>4,994,651</u>	<u>9,853</u>	<u>382,030</u>	<u>394,620</u>	<u>4,991,914</u>
Total	<u>46,934,751</u>	<u>(190,906)</u>	<u>2,728,623</u>	<u>394,620</u>	<u>49,077,848</u>
<b>Net Capital Assets Being Depreciated</b>	<u>42,255,107</u>	<u>178,305</u>	<u>853,595</u>	<u>450,060</u>	<u>42,836,947</u>
<b>Net Capital Assets</b>	<u>\$ 46,788,030</u>	<u>\$ (18,595)</u>	<u>\$ 4,156,991</u>	<u>\$ 2,102,686</u>	<u>\$ 48,823,740</u>

Depreciation expense was charged to the functions/programs as follows:

<b>Governmental Activities</b>	
General Governmental Support	\$ 113,804
Public Safety	130,951
Public Health	2,647
Transportation	661,862
Home and Community Services	1,745,341
Culture and Recreation	<u>74,018</u>
Total Depreciation Expense	<u>\$ 2,728,623</u>

**CITY OF ONEIDA, NEW YORK**  
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***Liabilities***

The City may issue Bond Anticipation Notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is a summary of the BAN outstanding at December 31, 2014:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
<b>Capital Fund</b>					
Dump Truck	12/12	\$ 170,000	12/15	1.25	\$ 55,000
City Hall Roof	12/12	\$ 700,000	12/15	1.25	655,000
Fish Creek Crossing	05/15	\$ 2,200,000	05/15	1.00	<u>2,200,000</u>
					<u>\$ 2,910,000</u>

Changes in the City's short-term outstanding debt for the year ended December 31, 2014, are as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Ending Balance</u>
<b>Governmental Activities</b>				
Dump Truck	\$ 100,000	\$	\$ (45,000)	\$ 55,000
City Hall Roof	670,000		(15,000)	655,000
Wastewater Treatment Plant	410,000		(410,000)	
Fish Creek Crossing		<u>2,200,000</u>		<u>2,200,000</u>
<b>Total Governmental Activities</b>	<u>\$ 1,180,000</u>	<u>\$ 2,200,000</u>	<u>\$ (470,000)</u>	<u>\$ 2,910,000</u>

The City borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and Government-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

Long-term liability balances and activity are as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Serial Bonds Payable	\$ 11,527,494	\$	\$ (824,134)	\$ 10,703,360	\$ 834,134
OPEB Liability	14,608,795	2,742,617	(1,032,708)	16,318,704	
Compensated Absences	<u>786,241</u>	<u>1,893</u>		<u>788,134</u>	
<b>Total Governmental</b>	<u>\$ 26,922,530</u>	<u>\$ 2,744,510</u>	<u>\$ (1,856,842)</u>	<u>\$ 27,810,198</u>	<u>\$ 834,134</u>

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Future principal and interest payments due on serial bond debt is as follows:

Fiscal Year Ended December 31,	Principal	Interest	Total
2015	\$ 834,134	\$ 144,808	\$ 978,942
2016	854,134	120,500	974,634
2017	749,134	95,286	844,420
2018	764,134	73,811	837,945
2019	774,134	51,096	825,230
2020-2024	2,390,670	92,775	2,483,445
2025-2029	1,445,670		1,445,670
2030-2034	1,445,670		1,445,670
2035-2039	<u>1,445,680</u>		<u>1,445,680</u>
Total	<u>\$ 10,703,360</u>	<u>\$ 578,276</u>	<u>\$ 11,281,636</u>

Details relating to general obligation (serial) bonds of the City outstanding at December 31, 2014, are summarized as follows:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
<b>General Fund</b>				
2003	Dec-2003	Dec-2016	3.5	\$ 191,418
2011	Feb-2011	Dec-2023	2	<u>1,950,000</u>
				<u>2,141,418</u>
<b>Water Fund</b>				
2000	Mar-2000	Dec-2019	5.17	<u>1,300,000</u>
				<u>1,300,000</u>
<b>Sewer Fund</b>				
2009	Jul-2009	Apr-2039	0 *	<u>7,261,942</u>
		Total		<u>\$ 10,703,360</u>

\* Interest is subsidized by New York State Environmental Facilities Corporation.

Total interest for the year was as follows:

Interest Paid	\$ 125,977
Less: Interest Accrued in the Prior Year	(10,044)
Plus: Interest Accrued in the Current Year	<u>23,898</u>
Total Interest Expense on Long-Term Debt	<u>\$ 139,831</u>

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

***Debt Limit***

The constitution of the State of New York limits the amount of indebtedness which may be issued by the City. The City may issue indebtedness to the extent that the aggregate outstanding debt issued, which is subject to such limit, does not exceed 7% of the average full valuation of taxable real estate within such City. At December 31, 2014, the total outstanding indebtedness of the City aggregated to \$13,613,360. Of this amount, \$2,851,418 was subject to the constitutional debt limit and represented approximately 8.4% of its statutory debt limit.

***Pension Plans***

***(a) Plan Description***

The City of Oneida participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employee's Group Life Insurance Plan (Systems). These are cost-sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes general purpose financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

***(b) Funding Policy***

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of its members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The New York State Pension System has a fiscal year end of March 31.

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The contribution for the March 31, 2014 billings was made in January 2014. The City prepaid 25% of this billing at December 31, 2013.

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

	For the Years Ended March 31,		
	2014	2013	2012
<b><u>ERS</u></b>			
Average Contribution Rate	19.62%	18.3%	16.92%
Average Contributions	\$ 619,045	\$ 593,389	\$ 529,691
<b><u>PFRS</u></b>			
Average Contribution Rate	25.53%	20.72%	19.22%
Average Contributions	\$ 870,516	\$ 772,612	\$ 685,433

***Other Postemployment Benefits (OPEB)***

***(a) Plan Description***

The City administers the Medical Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements.

***(b) Funding Policy***

The obligations of the Plan members, employers, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. For the year ended December 31, 2014, the City's contributions to the Plan ranged from 80% to 100% of the required annual premiums. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

**CITY OF ONEIDA, NEW YORK**  
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The City's other postemployment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation.

**(c) Annual OPEB Cost**

	<u>Total</u>
Normal Cost	\$ 778,464
Amortization of UAL	1,967,396
Interest	<u>584,352</u>
ARC	3,330,212
Adjustment to ARC	<u>(587,595)</u>
OPEB Expense	<u>\$ 2,742,617</u>

**(d) Reconciliation of Net OPEB Obligation**

	<u>Total</u>
Net OPEB Obligation at the Beginning of the Year	\$ 14,608,795
Annual Required Contribution	2,742,617
Net OPEB Contributions Made During the Fiscal Year	<u>(1,032,708)</u>
Net OPEB Obligation at the End of the Year	<u>\$ 16,318,704</u>
Percentage of Expense Contributed	38%

**(e) Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Net OPEB Expense</u>	<u>OPEB Expense Contributed</u>	<u>% of Expense Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2012	\$ 2,491,435	\$ 943,802	37.9%	\$ 12,999,274
December 31, 2013	\$ 2,616,387	\$ 1,006,866	38.5%	\$ 14,608,795
December 31, 2014	\$ 2,742,617	\$ 1,032,708	37.7%	\$ 16,318,704

**(f) Funding Status**

	<u>Total</u>
Actuarial Accrued Liability	\$ 35,106,168
Actuarial Value of Assets	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 35,106,168</u>
Funded Ratio	0%
Annual Covered Payroll	\$ 6,042,984
UAAL as a Percentage of Covered Payroll	581%

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**(g) Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future.

The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was dated January 1, 2012.

**(h) Health Care Trend Factors**

Medical care costs are assumed to increase in accordance with the following schedule:

Year	Trend
2015	8.5%
2016	8.0%
2017	7.5%
2018	7.0%
2019 and Later	6.5% to 5.0%

**(i) Additional Information**

Actuarial Valuation Date	January 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Period	Single Amortization Period
Amortization Period Remaining of 30 Years	23
Funding Interest Rate	4%
Fiscal year that the Rate Reaches the Ultimate Trend Rate	2022

**Interfund receivables and Payables**

Interfund receivables and payables at December 31, 2014, were as follows:

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 13,949	\$ 208,073	\$ 173,834	\$ 317,073
Community Development	1,975	15,787	7,000	7,000
Water	759		57,593	930,000
Sewer	2			508,521
Hydrant				33,397
Capital	208,073	898	1,628,594	71,030
Total	\$ 224,758	\$ 224,758	\$ 1,867,021	\$ 1,867,021

The interfund receivables and payables will be repaid in 2015 and are considered current. The balances are mainly due to the closure of capital projects to the respective funds.

The interfund revenues in the Capital Fund of \$1,628,594 represents budgeted transfers from the respective funds to finance various ongoing capital projects.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

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The Interfund expenditures in the Water Fund for \$930,000 represented transfers to the capital and general for projects due to the 2013 Flood.

**5. COMMITMENTS AND CONTINGENCIES**

*Potential Grantor Liability*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

*Construction Commitments*

At December 31, 2014, the City had construction commitments outstanding of approximately \$228,208, which are contingent on performance of contractors. If any contract should exceed the original contract, then the excess will be financed from the remaining bond proceeds or current appropriations as approved by the voters.

**6. CONTINGENT LIABILITIES**

*Judgments and Claims*

The City is a defendant in various lawsuits. In the opinion of the City's management, after considering all relevant facts and the opinion of outside counsel in certain instances, such litigation will not, in the aggregate, have a materially adverse effect on the financial position of the City.

*Union Agreements*

The City has the following union agreements in place with the related expiration dates:

CSEA, Local 1000 AFSCME AFL-CIO	Expired December 31, 2013
Oneida Paid Firefighters Association Local 2692	Expires December 31, 2016
The John R. Deschamps Sr., PBA	Expires December 31, 2017

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. FUND BALANCES**

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at December 31, 2014:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>	<u>Capital</u>	<u>Total</u>
<b>Non-spendable</b>	\$ 428,784	\$ 112,329	\$	\$ 172,446	\$ 46,400	\$	\$ 759,959
<b>Restricted</b>							
Capital Reserve				151,654			151,654
<b>Assigned</b>							
Governmental Support	9,633						9,633
Public Safety	682						682
Transportation	(4,688)						(4,688)
Culture and Recreation	1,457						1,457
Home and Community Services	(281)	648,651	41,771	1,929,725	2,596,858		5,216,724
Appropriated for Subsequent Year's Budget	1,245,502						1,245,502
<b>Total Assigned</b>	<u>1,252,305</u>	<u>648,651</u>	<u>41,771</u>	<u>1,929,725</u>	<u>2,596,858</u>		<u>6,469,310</u>
<b>Unassigned (Deficit)</b>	<u>2,446,032</u>					<u>(1,927,505)</u>	<u>518,527</u>
<b>Total Fund Balances</b>	<u>\$ 4,127,121</u>	<u>\$ 760,980</u>	<u>\$ 41,771</u>	<u>\$ 2,253,825</u>	<u>\$ 2,643,258</u>	<u>\$ (1,927,505)</u>	<u>\$ 7,899,450</u>

**8. DEFICIT FUND BALANCES**

***Capital***

The Capital Fund had a fund deficit of \$1,927,505 at December 31, 2014. This deficit is due to the issuance of a \$2,200,000 BAN in the current year. The BAN proceeds have been expended, but the liability remains until permanent financing is issued or payments are made from General Fund appropriations.

**9. PRIOR PERIOD ADJUSTMENT**

The Government-Wide net position on January 1, 2014 was increased by \$18,595, for an adjustment to Capital Assets to correctly apply construction in progress.

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULES OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT BENEFITS**  
**For the Year Ended December 31, 2014**

Fiscal Year Ending	Actuarial Value of Assets	Actuarial		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
		Accrued Liability-Projected Unit Credit					
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)	
December 31, 2012	\$	\$ 32,950,765	\$ 32,950,765	0%	\$ 6,151,430	536%	
December 31, 2013	\$	\$ 34,020,256	\$ 34,020,256	0%	\$ 6,017,160	565%	
December 31, 2014	\$	\$ 35,106,168	\$ 35,106,168	0%	\$ 6,042,984	581%	

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Real Property Taxes	\$ 3,244,339	\$ 3,244,339	\$ 3,087,784	\$ (156,555)
Other Real Property Tax Items	168,600	168,600	188,717	20,117
Nonproperty Tax Items	4,586,000	4,586,000	4,633,048	47,048
Departmental Income	190,900	229,824	223,825	(5,999)
Intergovernmental Charges	724,906	461,967	683,818	221,851
Use of Money and Property	35,000	35,000	19,649	(15,351)
Licenses and Permits	52,890	52,890	89,864	36,974
Fines and Forfeitures	121,000	121,000	124,068	3,068
Sale of Property and Compensation for Loss	20,000	42,272	69,825	27,553
Miscellaneous	14,000	32,692	32,724	32
State Aid	<u>1,853,877</u>	<u>1,853,877</u>	<u>1,920,022</u>	<u>66,145</u>
<b>Total Revenues</b>	<u>11,011,512</u>	<u>10,828,461</u>	<u>11,073,344</u>	<u>244,883</u>
<b>Expenditures</b>				
General Government Support	1,195,769	1,230,142	1,204,878	25,264
Public Safety	3,965,912	4,036,475	3,999,201	37,274
Public Health	39,389	39,389	38,806	583
Transportation	1,506,995	1,246,839	1,146,533	100,306
Economic Assistance and Opportunity		1,500	1,500	
Culture and Recreation	455,081	404,254	374,267	29,987
Home and Community Services	286,266	296,166	278,221	17,945
Employee Benefits	3,857,474	3,946,768	3,904,489	42,279
Debt Service - Principal	335,000	350,506	333,582	16,924
Debt Service - Interest	<u>97,000</u>	<u>98,751</u>	<u>93,265</u>	<u>5,486</u>
<b>Total Expenditures</b>	<u>11,738,886</u>	<u>11,650,790</u>	<u>11,374,742</u>	<u>276,048</u>
<b>Deficit Revenues Over Expenditures</b>	<u>(727,374)</u>	<u>(822,329)</u>	<u>(301,398)</u>	<u>520,931</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From	127,000	173,220	173,834	614
Interfund Transfers To		(471,012)	(317,073)	153,939
Appropriated Fund Balance	<u>600,374</u>	<u>1,120,121</u>	<u>(1,120,121)</u>	<u>(1,120,121)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>727,374</u>	<u>822,329</u>	<u>(143,239)</u>	<u>(965,568)</u>
<b>Deficit Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$ (444,637)</u>	<u>\$ (444,637)</u>

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -**  
**BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT FUND**  
**For the Year Ended December 31, 2014**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Departmental Income	\$ 39,653	\$ 39,653	\$ 372	\$ (39,281)
Use of Money and Property	5,652	5,652	5,991	339
Miscellaneous		(6,435)	7,155	13,590
State Aid	436,000	436,718	436,000	(718)
Federal Aid	<u>182,979</u>	<u>151,739</u>	<u>130,919</u>	<u>(20,820)</u>
Total Revenues	<u>664,284</u>	<u>627,327</u>	<u>580,437</u>	<u>(46,890)</u>
<b>Expenditures</b>				
Home and Community Services	<u>436,000</u>	<u>621,983</u>	<u>578,081</u>	<u>43,902</u>
Total Expenditures	<u>436,000</u>	<u>621,983</u>	<u>578,081</u>	<u>43,902</u>
Excess Revenues Over Expenditures	<u>228,284</u>	<u>5,344</u>	<u>2,356</u>	<u>(2,988)</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From		7,000	7,000	
Interfund Transfers To		(13,000)	(7,000)	6,000
Appropriated Fund Balance	<u>(228,284)</u>	<u>656</u>		<u>(656)</u>
Total Other Financing Sources (Uses)	<u>(228,284)</u>	<u>(5,344)</u>		<u>5,344</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 2,356</u>	<u>\$ 2,356</u>

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -**  
**BUDGET AND ACTUAL - MISCELLANEOUS SPECIAL REVENUE FUND**  
**For the Year Ended December 31, 2014**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Real Property Taxes	\$ 40,387	\$ 40,387	\$ 40,389	\$ 2
Departmental Income	10,463	10,463	10,768	305
Use of Money and Property	275	275	265	(10)
Total Revenues	<u>51,125</u>	<u>51,125</u>	<u>51,422</u>	<u>297</u>
<b>Expenditures</b>				
Home and Community Services	54,850	22,453	22,319	134
Total Expenditures	<u>54,850</u>	<u>22,453</u>	<u>22,319</u>	<u>134</u>
Excess Revenues Over Expenditures	<u>(3,725)</u>	<u>28,672</u>	<u>29,103</u>	<u>431</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers To		(33,397)	(33,397)	
Appropriated Fund Balance	3,725	4,725		(4,725)
Total Other Financing Sources (Uses)	<u>3,725</u>	<u>(28,672)</u>	<u>(33,397)</u>	<u>(4,725)</u>
Deficit Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (4,294)</u>	<u>\$ (4,294)</u>

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -**  
**BUDGET AND ACTUAL - WATER FUND**  
**For the Year Ended December 31, 2014**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Departmental Income	\$ 3,117,496	\$ 3,117,496	\$ 3,213,361	\$ 95,865
Use of Money and Property	7,000	7,000	17,621	10,621
Sale of Property and Compensation for Loss			13,790	13,790
Miscellaneous			(1,784)	(1,784)
State Aid			1,967	1,967
Total Revenues	<u>3,124,496</u>	<u>3,124,496</u>	<u>3,244,955</u>	<u>120,459</u>
<b>Expenditures</b>				
Home and Community Services	2,184,694	2,193,383	1,845,847	347,536
Employee Benefits	571,531	581,324	568,549	12,775
Debt Service - Principal	245,000	245,000	245,000	
Debt Service - Interest	28,851	28,851	27,152	1,699
Total Expenditures	<u>3,030,076</u>	<u>3,048,558</u>	<u>2,686,548</u>	<u>362,010</u>
Excess Revenues Over Expenditures	<u>94,420</u>	<u>75,938</u>	<u>558,407</u>	<u>482,469</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From			57,593	57,593
Interfund Transfers To	(50,000)	(1,014,160)	(930,000)	84,160
Appropriated Fund Balance	(44,420)	938,222		(938,222)
Total Other Financing Sources (Uses)	<u>(94,420)</u>	<u>(75,938)</u>	<u>(872,407)</u>	<u>(796,469)</u>
Deficit Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (314,000)</u>	<u>\$ (314,000)</u>

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) -**  
**BUDGET AND ACTUAL - SEWER FUND**  
**For the Year Ended December 31, 2014**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Departmental Income	\$ 2,210,679	\$ 2,210,679	\$ 2,690,516	\$ 479,837
Use of Money and Property	5,000	5,000	7,469	2,469
Licenses and Permits	480	480	350	(130)
Sale of Property and Compensation for Loss	410,000	410,000	94,668	(315,332)
Miscellaneous	26,263	26,263	35,981	9,718
State Aid			170,723	170,723
Federal Aid			72,542	72,542
Total Revenues	<u>2,652,422</u>	<u>2,652,422</u>	<u>3,072,249</u>	<u>419,827</u>
<b>Expenditures</b>				
Home and Community Services	1,934,992	1,531,346	1,333,059	198,287
Employee Benefits	311,730	326,892	313,215	13,677
Debt Service - Principal	714,806	714,806	305,552	409,254
Debt Service - Interest	2,403	6,503	20,621	(14,118)
Total Expenditures	<u>2,963,931</u>	<u>2,579,547</u>	<u>1,972,447</u>	<u>607,100</u>
Excess Revenues Over Expenditures	<u>(311,509)</u>	<u>72,875</u>	<u>1,099,802</u>	<u>1,026,927</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers To	(77,000)	(508,521)	(508,521)	
Appropriated Fund Balance	388,509	435,646		(435,646)
Total Other Financing Sources (Uses)	<u>311,509</u>	<u>(72,875)</u>	<u>(508,521)</u>	<u>(435,646)</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 591,281</u>	<u>\$ 591,281</u>