

CITY OF ONEIDA,
NEW YORK

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
December 31, 2015

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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, 2015, 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, 2015, 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.

New Accounting Standard

As discussed in Note 1 to the financial statements, the City changed accounting policies related to the financial statement presentation of defined benefit pensions by adopting *Statement of Government Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for*

Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68 in 2015. The new pronouncements require 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 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information, 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 4, 2016 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 4, 2016

Rome, New York

D'Arcangelo & Co., LLP

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Oneida's basic financial statements, and have issued our report thereon dated April 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Oneida's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 2015-001, 2015-002, 2015-003, 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 4, 2016

Rome, New York

CITY OF ONEIDA, NEW YORK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015

I. Material Weakness

None noted.

II. Significant Deficiencies

2015-001 Disbursements/Purchasing Policy

Condition: During our testing, it was noted that many purchases were made without the appropriate purchase order and approval. These purchases were not made in accordance with the City's purchasing policy.

Cause: Unknown

Criteria: The City's purchasing policy, which applies to all City departments and offices, states that the use of a purchase order is required "for any purchase made in the amount of \$100.00 or more." In addition, the policy states "In all instances, purchase order requests are to be completed and approved by the Comptroller's Office before a purchase is made. The sole exception: emergency purchase orders described earlier which allows for the purchase order to be requested within two working days of such emergency." Also as a matter of policy, we noted that the City does not utilize the purchase order and encumbrance process to control contracted and consulting services. The use of purchase orders for contracted and consulting services would safeguard against over expending the budgeted amount of the project, ensure change orders are properly approved and budgeted, and ensure more useful reporting of the budget status of the project as a whole.

Recommendation: All departments should review the City's purchasing and procurement policy. Purchases should be made in accordance with the policy. The use of purchase orders should be extended to contractual and consulting type payments.

2015-002 Retiree Health Insurance - Police

Condition: During our testing, it was noted that the Police Union employees' portion of retiree health insurance payments are not being calculated correctly. Therefore, the full amount of the retirees' share is not being remitted to the City.

Cause: Unknown

Criteria: In some instances, the required portion of the employees' contribution to the retirement health insurance costs is being calculated based on the contract that was in place at the time which the employee retired. In other instances, when an employee retired and there was no contract in place (i.e. contract was not settled at the date of retirement), or the contract the employee retired under expired, the health insurance costs are being calculated based on Resolution 92-141 from 1992. The Resolution provides for no cost to the retiree rather than the negotiated cost in the contracts. There is no reference to this resolution in the current police contract or past CSEA and police contracts.

Recommendation: Retirees should make payments for their portion of health insurance costs in accordance with provisions of respective contracts.

2015-003 Tax Collection

Condition: The current City Charter appears to be outdated with respect to current practices.

Cause: The Charter has not been updated to reflect current practices.

Criteria: The Charter requires a filing of a copy of tax sale certificates for each delinquent property with Madison County. However, the City does not file a tax sale certificate for each property. In addition, collections of delinquent tax bills are accepted and the payment is applied to the oldest outstanding first. However, there is nothing written in the charter that indicates how delinquent payments should be applied. The City will also accept partial payments toward the payment of the full redemption amount. These payments are allowed without a written agreement with the tax payer. The payments are posted directly to the General fund receivable account for the owner. The payments should be part of a tax redemption payment agreement accounted for in the Trust and Agency fund. Once the full amount is collected, the amounts would then be used to satisfy the entire delinquent tax in the respective fund.

Recommendation: The Charter should be updated to reflect current practices.

CITY OF ONEIDA, NEW YORK
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015

I. Prior Year Material Weaknesses

None noted.

II. Prior Year Significant Deficiencies

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.

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.

<p><i>Status:</i> The above findings were noted again in the current year. However, management appears to have taken appropriate action to collect on past due balances. Late fees have been invoked appropriately and court procedures have taken place.</p>
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CITY OF ONEIDA, NEW YORK
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015
(Continued)

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 was correct.
- There is no formal approval process 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.

<p>Status: The above findings were noted again in current year.</p>
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**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S RESPONSE TO FINDINGS
For the Year Ended December 31, 2015**

I. Significant Deficiencies

2015-001 Disbursements/Purchasing Policy

Management's Response:

All departments will review the City's purchasing and procurement policy. Purchases will be made in accordance with the policy. The use of purchase orders will be extended to contractual and consulting payments as well.

2015-002 Retiree Health Insurance

Management's Response:

This matter will be addressed during current contract negotiations.

2015-003 Tax Collection

Management Response:

Tax sale certificates have been filed with Madison County on all properties being taken by the city for unpaid taxes. Going forward certificates will be filed on all parcels when they become tax sale status. Contracts will be drawn up for individuals that will be making partial payments on delinquent taxes. The Chamberlain will meet with the city attorney to revise and/or reword the charter so that the update will reflect current practices.

2012-002 Revolving Loan Funds and Façade Loans

Management's Response: There are strict state and federal guidelines that are adhered to pertaining to Community Development and Revolving Loans. The Mayor instructed the Planning Director to solely run the program. Applications for loans are reviewed and approved by Council. A review of the procedures will be reviewed and appropriate polices implemented.

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. A formal reconciliation and review process will be developed to mitigate potential oversight errors.

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

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, 2015. 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

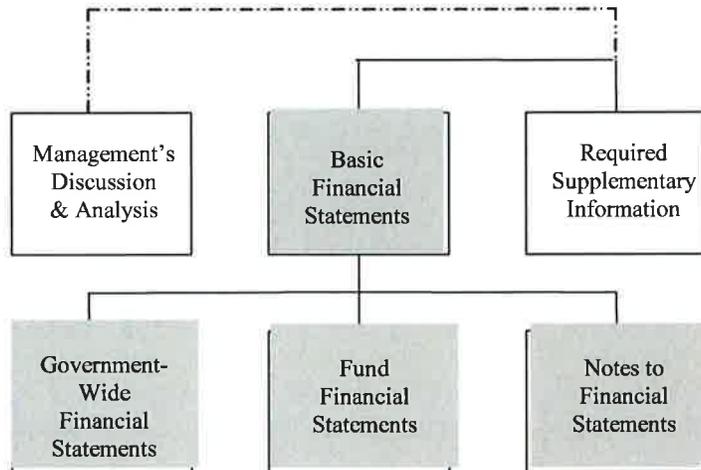
Key financial highlights for fiscal year 2015 are as follows:

- The City's total net position, as reflected in the Government-wide financial statements, decreased by \$841,819.
- The City's expenses for the year, as reflected in the Government-wide financial statements, totaled \$18,234,749. The City's expenses were directly offset by the following revenue sources: \$5,642,480 charges for services, \$195,279 operating grants, and \$591,437 capital grants. General revenues of \$10,963,734 amount to 63% of total revenues. These revenues partially covered a portion of the balance of program expenses leaving a deficit of \$841,819.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, decreased by \$401,986 to a balance of \$ 3,725,135
- The Water Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, increased by \$562,466 to a balance of \$2,816,291.
- The Sewer Fund's total fund balance, as reflected in the fund financial statements on pages 23 and 25, increased by \$99,075 to a balance of \$2,742,333.

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



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.

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

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, liabilities, and deferred inflows of resources 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, 2015**

3. FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A. Net Position

The implementation of GASB No. 68 required the City to restate its net position at December 31, 2014 by reporting deferred outflows of resources, liabilities and deferred inflows of resources related to the City's participation in the New York State Employees' Retirement Systems and Police and Fire Retirement System. See Note 4 to the financial statements. The City also restated its net position as a result of a full physical inventory that was performed over fixed assets.

The City's total net position decreased \$841,819 between fiscal year 2015 and 2014. A summary of the City's Statement of Net Position at December 31, 2015 and 2014 is as follows:

	Restated	Increase (Decrease)	Percentage Change	
Current and Other Assets	\$ 15,334,265	\$ 12,185,563	\$ 3,148,702	25.8%
Capital Assets, (Net of Accumulated Depreciation)	<u>43,875,246</u>	<u>45,248,512</u>	<u>(1,373,266)</u>	(3.1%)
Total Assets	<u>59,209,511</u>	<u>57,434,075</u>	<u>1,775,436</u>	3.0%
Deferred Outflows of Resources	<u>1,576,544</u>	<u>1,531,719</u>	<u>44,825</u>	2.8%
Total Assets and Deferred Outflows of Resources	<u>\$ 60,786,055</u>	<u>\$ 58,965,794</u>	<u>\$ 1,820,261</u>	
Non-Current Liabilities	\$ 30,078,729	\$ 27,810,198	\$ 2,268,531	8.2%
Other Liabilities	<u>4,779,277</u>	<u>4,489,706</u>	<u>289,571</u>	6.4%
Total Liabilities	<u>34,858,006</u>	<u>32,299,904</u>	<u>2,558,102</u>	7.9%
Deferred Inflows of Resources	<u>103,978</u>	<u>103,978</u>	<u>103,978</u>	100.0%
Net Position				
Net Investment in Capital Assets	31,164,694	34,545,152	(3,380,458)	(9.8%)
Restricted	544,644	151,654	392,990	259.1%
Unrestricted (Deficit)	<u>(5,885,267)</u>	<u>(8,030,916)</u>	<u>2,145,649</u>	30.3%
Total Net Position	<u>25,824,071</u>	<u>26,665,890</u>	<u>(841,819)</u>	(3.2%)
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 60,786,055</u>	<u>\$ 58,965,794</u>	<u>\$ 1,820,261</u>	

Current and Other Assets increased by \$3,148,702, as compared to the prior year. This increase is primarily due to the increase in cash in the Capital fund of \$2,554,772 due to a BAN issuance.

Capital Assets decreased by \$1,373,266, as compared to the prior year. This decrease is primarily due to depreciation exceeding capital outlays in the current year.

The \$1,567,544 reported as Deferred Outflows of Resources represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement period between the City's contributions and its proportionate share of total contributions not included in pension expense.

Non-Current Liabilities increased by \$2,268,531 as compared to the prior year. This increase is primarily the result of additional bond issuances in the current year.

Other Liabilities increased by \$289,571 as compared to the prior year. This increase is primarily due to recording additional liabilities bond anticipation notes and for the proportionate share of the net pension liability for the ERS and PFRS pensions.

The \$103,978 reported as Deferred Inflows of Resources represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement periods between the City's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

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.

CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015

The restricted portion of the net position primarily represents funds being held to finance the cost of construction or reconstruction of water treatment and transmission facilities and other capital projects. The funds can only be spent on specific public improvements or capital projects.

The unrestricted net deficit at December 31, 2015, is \$5,885,267 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.

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, 2015 and 2014 is as follows:

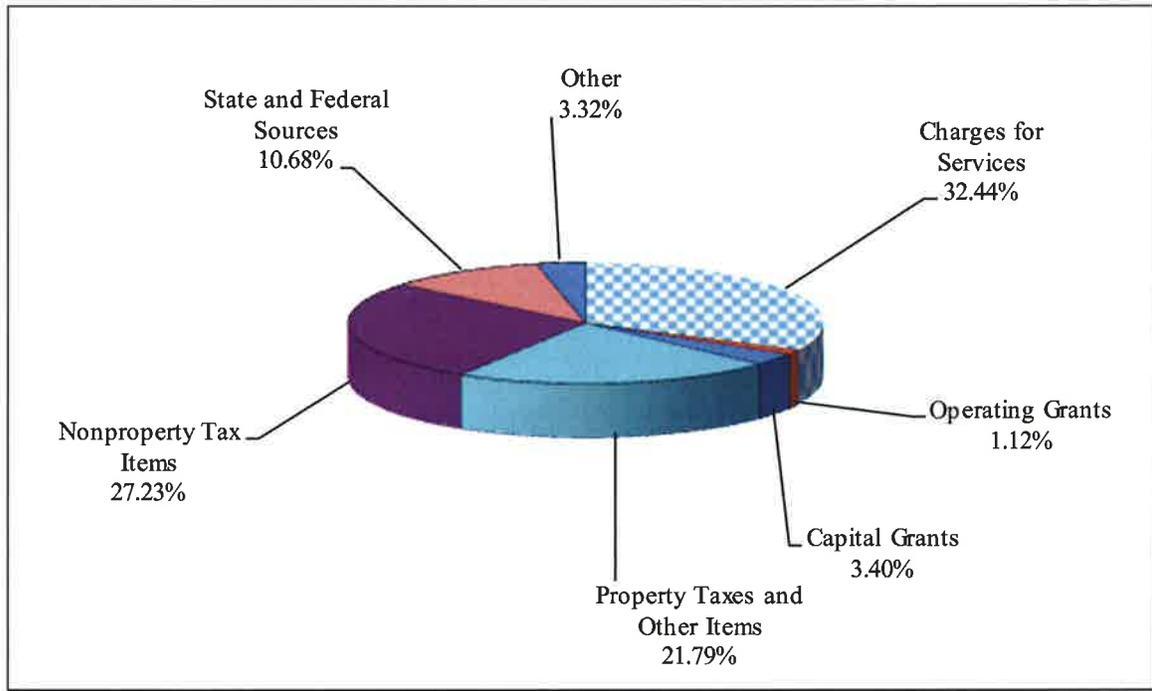
Revenues	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 5,642,480	\$ 6,828,869	\$ (1,186,389)	(17.4%)
Operating Grants	195,279	644,073	(448,794)	(69.7%)
Capital Grants	591,437	148,514	442,923	298.2%
General Revenues				
Property Taxes and Other Items	3,790,521	3,433,758	356,763	10.4%
Nonproperty Tax Items	4,738,507	4,633,048	105,459	2.3%
State and Federal Sources	1,857,271	2,165,254	(307,983)	(14.2%)
Loss on the Disposition of Property		(450,060)	450,060	100.0%
Other	577,435	303,354	274,081	90.4%
Total Revenues	<u>17,392,930</u>	<u>17,706,810</u>	<u>(313,880)</u>	<u>(1.8%)</u>
Expenses				
General Government Support	1,528,023	1,745,071	(217,048)	(12.4%)
Public Safety	6,682,898	7,520,508	(837,610)	(11.1%)
Public Health	18,463	71,924	(53,461)	(74.3%)
Transportation	2,657,737	2,627,822	29,915	1.1%
Economic Assistance and Opportunity	1,500	1,500		
Home and Community Services	6,377,550	5,308,161	1,069,389	20.1%
Culture and Recreation	855,996	651,011	204,985	31.5%
Debt Service - Interest	112,582	139,831	(27,249)	(19.5%)
Total Expenses	<u>18,234,749</u>	<u>18,065,828</u>	<u>168,921</u>	<u>0.9%</u>
Total Change in Net Positions	<u>\$ (841,819)</u>	<u>\$ (359,018)</u>	<u>\$ (482,801)</u>	

- Charges for Services - The decrease to charges for services is primarily due to a decrease in water and sewer revenues of \$637,687.
- Public Safety – The decrease in public safety expense is due to the decrease in OPEB expense from the prior year to the current year.
- Home and Community Services – The increase in home and community services expenses is due to the fact that there were several projects that were capitalized in the prior year. In the current year, depreciation expense exceeded capital additions.

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

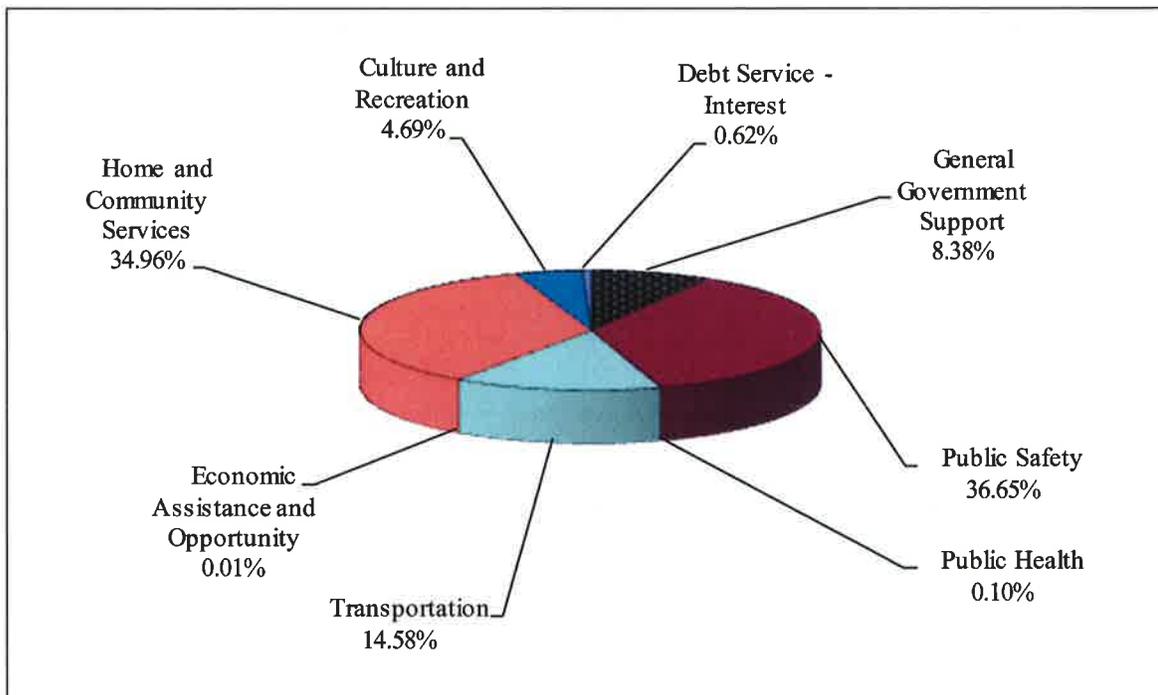
A graphic display of the distribution of revenues is as follows:

For the Year Ended December 31, 2015



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

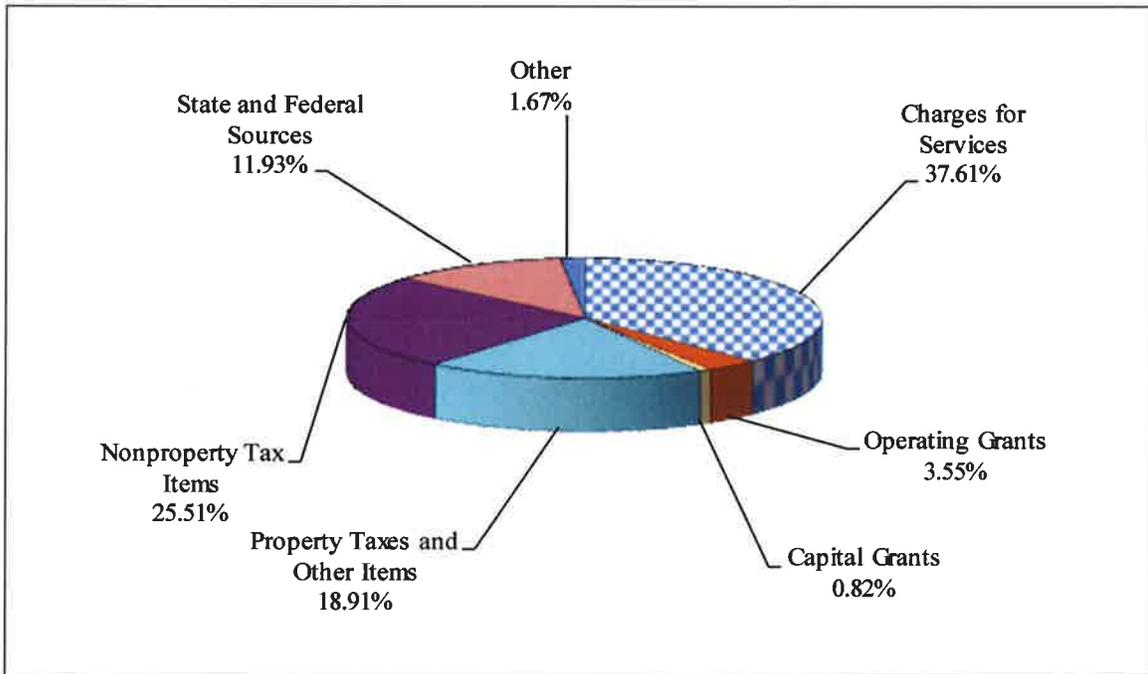
For the Year Ended December 31, 2015



**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

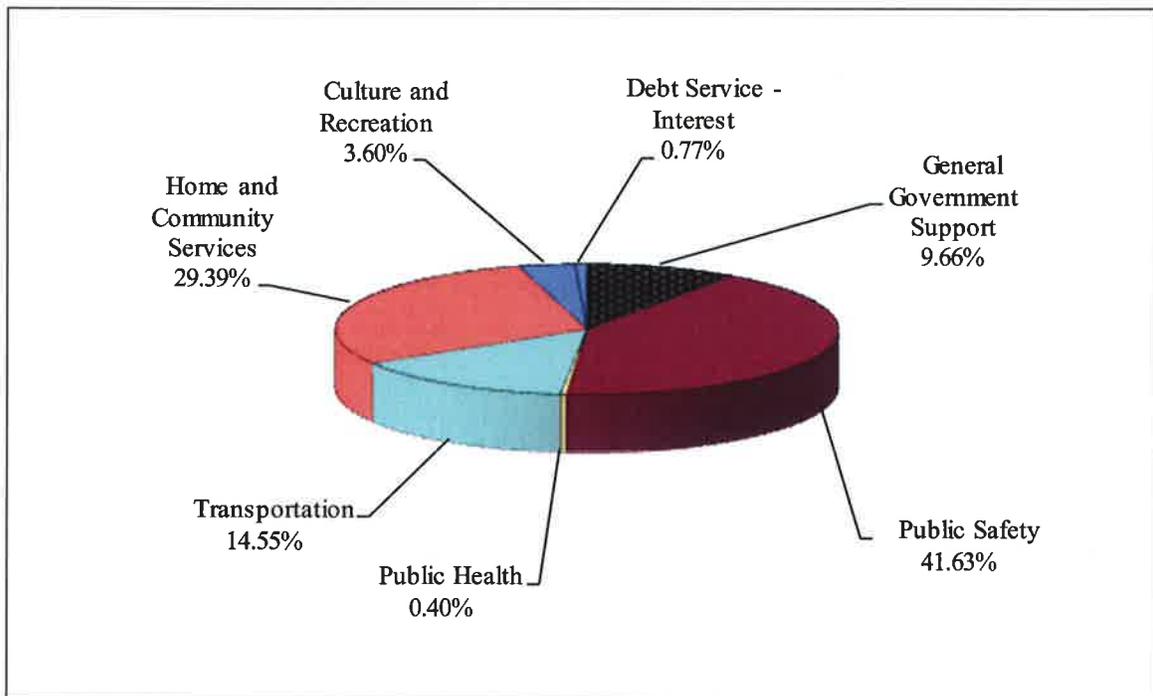
A graphic display of the distribution of revenues is as follows:

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, 2015

4. FINANCIAL ANALYSIS OF THE CITY'S FUND BALANCES

At December 31, 2015, the City's governmental funds reported a combined fund balance of \$10,368,772, which is an increase of \$2,469,322 from the prior year. This increase is primarily due to an excess of revenues over expenditures for the year in the Capital Fund. A summary of the change in fund balance by fund is as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
General			
Nonspendable	\$ 447,393	\$ 428,784	\$ 18,609
Restricted	7,047		7,047
Assigned	489,882	1,252,305	(762,423)
Unassigned	<u>2,780,813</u>	<u>2,446,032</u>	<u>334,781</u>
	<u>3,725,135</u>	<u>4,127,121</u>	<u>(401,986)</u>
 Community Development			
Nonspendable	112,329	112,329	
Assigned	<u>645,444</u>	<u>648,651</u>	<u>(3,207)</u>
	<u>757,773</u>	<u>760,980</u>	<u>(3,207)</u>
 Miscellaneous Special Revenue			
Assigned	<u>43,213</u>	<u>41,771</u>	<u>1,442</u>
 Water			
Nonspendable	159,403	172,446	(13,043)
Restricted	253,878	151,654	102,224
Assigned	<u>2,403,010</u>	<u>1,929,725</u>	<u>473,285</u>
	<u>2,816,291</u>	<u>2,253,825</u>	<u>562,466</u>
 Sewer			
Nonspendable	33,050	46,400	(13,350)
Assigned	<u>2,709,283</u>	<u>2,596,858</u>	<u>112,425</u>
	<u>2,742,333</u>	<u>2,643,258</u>	<u>99,075</u>
 Capital			
Unassigned (Deficit)		(1,927,505)	1,927,505
Restricted	<u>284,027</u>		<u>284,027</u>
	<u>284,027</u>	<u>(1,927,505)</u>	<u>2,211,532</u>
 Total Fund Balance	<u>\$ 10,368,772</u>	<u>\$ 7,899,450</u>	<u>\$ 2,469,322</u>

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The City's adopted budget for the year ended December 31, 2015, for the following funds totaled \$18,503,450. The 2015 General Fund budget was \$12,503,119 which was \$764,233 higher than the 2014 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>
Change from Adopted Budget to Revised Budget					
Adopted Budget	\$12,328,644	\$ 462,830	\$ 44,998	\$3,190,447	\$ 2,405,857
Add: Prior Year's Encumbrances	<u>6,803</u>	<u>645</u>	<u></u>	<u>55,765</u>	<u>13,038</u>
Original and Adopted Budget	<u>12,335,447</u>	<u>463,475</u>	<u>44,998</u>	<u>3,246,212</u>	<u>2,418,895</u>
Amendments:					
Departmental Income	2,565			(61,282)	
Use of Money and Property	24,375				
Sale of Property and Compensation for Loss	39,634				
Miscellaneous	3,430				
Interfund Transfers From	59,343			61,282	
Appropriated Fund Balance	38,325	4,801		33,439	2,318
Federal Aid		<u>25,549</u>			
Total Amendments	<u>167,672</u>	<u>30,350</u>	<u></u>	<u>33,439</u>	<u>2,318</u>
Final Budget	<u>\$12,503,119</u>	<u>\$ 493,825</u>	<u>\$ 44,998</u>	<u>\$3,279,651</u>	<u>\$ 2,421,213</u>

The majority of the funding sources for the budgets consisted of \$3,906,333 in property taxes, \$4,556,000 in non-property taxes, and \$5,711,017 in departmental income.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At December 31, 2015, the City had invested in a broad range of capital assets, including land, construction in progress, infrastructure, buildings and improvements and equipment. The net decrease in capital assets is due to depreciation exceeding capital additions recorded for the year ended December 31, 2015. A summary of the City's capital assets, net of accumulated depreciation at December 31, 2015 and 2014, is as follows:

	<u>2015</u>	<u>Restated 2014</u>	<u>Increase (Decrease)</u>
Land	\$ 2,717,902	\$ 2,658,102	\$ 59,800
Construction in Progress	961,921	630,350	331,571
Buildings	23,758,344	24,865,711	(1,107,367)
Infrastructure	12,286,624	12,708,796	(422,172)
Improvements	2,565,986	2,736,302	(170,316)
Equipment	<u>1,584,469</u>	<u>1,649,251</u>	<u>(64,782)</u>
Capital Assets, Net	<u>\$ 43,875,246</u>	<u>\$ 45,248,512</u>	<u>\$ (1,373,266)</u>

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

B. Debt Administration

At December 31, 2015, the City had total bonds payable of \$12,604,226. A summary of the outstanding debt at December 31, 2015 and 2014 is as follows:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>		<u>Increase (Decrease)</u>
General Fund						
2003	Dec-2003	Dec-2016	3.5	\$ 97,836	\$ 191,418	\$ (93,582)
2011	Feb-2011	Dec-2023	2	1,765,000	1,950,000	(185,000)
2015	Dec-2015	Dec-2029	3.40	640,000		640,000
				<u>2,502,836</u>	<u>2,141,418</u>	<u>361,418</u>
Water Fund						
2000	Mar-2000	Dec-2019	5.17	1,050,000	1,300,000	(250,000)
2015	Dec-2015	Dec-2029	2.34	2,095,000		2,095,000
				<u>3,145,000</u>	<u>1,300,000</u>	<u>1,845,000</u>
Sewer Fund						
2003	Dec-2003	Dec-2016	3.5	17,164	33,582	(16,418)
2009	Jul-2009	Apr-2039	0*	6,939,226	7,228,360	(289,134)
				<u>6,956,390</u>	<u>7,261,942</u>	<u>(305,552)</u>
Total Long Term Debt				<u>\$ 12,604,226</u>	<u>\$ 10,703,360</u>	<u>\$ (194,134)</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 2016 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 (37%), property taxes (33%), and state aid (14%). Revenue has increased slightly since 2015. A property tax increase of 6.50% was included in the 2016 budget. This was necessary due to the loss of revenue from the Oneida Indian Nation (\$164,064) in 2014. Although Oneida Indian Nation was not expected to be received in the 2015 budget, the County of Madison subsequently agreed to a one-time payment \$162,861 during 2015.

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

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 and retirement expenditures 19% and 9.4% of the general fund budget, respectively.

Union Agreements

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

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

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 2016. 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.

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, 2015**

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.

Maxwell Field Stream bank Stabilization

Project includes stabilizing 425 linear feet of stream bank 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.

FEMA Funding for Buyout

The City of Oneida has received funding from FEMA/New York State Division of Homeland Security and Emergency Services in the amount of \$21,193,909. The scope of work will be acquisition of property, demolition and removal of all above ground structures, disposal of demolition debris at a licensed disposal facility, site restoration, deed restriction of the property, and professional services associated with the project. The project should be underway by mid-2016.

FEMA Funding for Flood Mitigation.

The City of Oneidas has been awarded \$1,200,000 in FEMA funding for flood mitigation and as part of that project, the DPW and Water Buildings will be relocated to property which is not in a flood zone. This grant also covers the WWTP facility.

The City of Oneida WWTP facility and staff are responsible for converting waste products into regulated materials that can be safely released into the environment. In 2013 the WWTP incurred approximately \$1.3 million dollars in damages caused by the Oneida Creek floodwaters. The significant damages required months of repair work and impaired plant operations. Damages also impacted local industrial businesses that were required to cease production until temporary treatment measures were installed.

**CITY OF ONEIDA, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015**

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, 2015

Assets	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 11,613,283
Restricted Cash	260,925
Taxes Receivable	18,073
Tax Sale Certificates	1,277,453
Property Acquired for Taxes	115,746
Assessments Receivable	13,884
Accounts Receivable	461,146
Loans Receivable	200,662
Due From Other Governments	1,173,377
Prepaid Expenditures	199,716
Capital Assets (Net of Accumulated Depreciation)	<u>43,875,246</u>
Total Assets	<u>59,209,511</u>
Deferred Outflows of Resources	
Pension	<u>1,576,544</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 60,786,055</u>
Liabilities	
Accounts Payable	\$ 277,647
Accrued Liabilities	93,894
Accrued Interest	10,345
Due To Other Governments	157,691
Bond Anticipation Notes Payable	3,525,109
Net Pension Liability - Proportionate Share	714,591
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	904,134
Capital Lease Notes	52,541
Due in More Than One Year	
Bonds Payable	11,700,092
Capital Lease Notes	53,785
Compensated Absences Payable	913,753
OPEB	<u>16,454,424</u>
Total Liabilities	<u>34,858,006</u>
Deferred Inflows of Resources	
Pension	<u>103,978</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,961,984</u>
Net Position	
Net Investment in Capital Assets	31,164,694
Restricted	544,952
Unrestricted (Deficit)	<u>(5,885,575)</u>
Total Net Position	<u><u>25,824,071</u></u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 60,786,055</u>

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, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Government Support	\$ 1,528,023	\$ 88,183	\$	\$ (1,439,840)
Public Safety	6,682,898	252,196	3,300	31,423 (6,395,979)
Public Health	18,463			(18,463)
Transportation	2,657,737			301,614 (2,356,123)
Economic Assistance and Opportunity	1,500			(1,500)
Home and Community Services	6,377,550	5,226,552	191,979	(959,019)
Culture and Recreation	855,996	75,549		258,400 (522,047)
Debt Service - Interest	112,582			(112,582)
Total Governmental Activities	\$ 18,234,749	\$ 5,642,480	\$ 195,279	\$ 591,437 (11,805,553)

General Revenues

Real Property Taxes	3,584,822
Other Real Property Tax Items	205,699
Nonproperty Tax Items	4,738,507
Tribal Compact Moneys	162,861
General State Aid	1,851,722
Federal Aid-Flood	5,549
Use of Money and Property	119,592
Compensation for Loss	219,605
Miscellaneous	75,377
Total General Revenues	10,963,734
Change in Net Position	(841,819)
Net Position, Beginning of Year	30,116,342
Prior Period Adjustment	(3,450,452)
Net Position, Beginning of Year (Restated)	26,665,890
Net Position, End of Year	\$ 25,824,071

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

CITY OF ONEIDA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	Governmental						Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	Capital	
Assets							
Unrestricted Cash and Cash Equivalents	\$ 2,942,712	\$ 554,970	\$ 43,213	\$ 2,120,928	\$ 2,496,316		\$ 8,158,139
Restricted Cash	7,047			253,878		3,455,144	3,716,069
Taxes Receivable	18,073						18,073
Tax Sale Certificates	1,277,453						1,277,453
Property Acquired for Taxes	115,746						115,746
Assessments Receivable	13,884						13,884
Accounts Receivable	25,347			262,499	164,814	8,486	461,146
Loans Receivable		200,662					200,662
Due from Other Funds	9,693			64,280	61		74,034
Due from Other Governments	413,600	78,131		821	207,142	473,683	1,173,377
Prepaid Expenditures	331,647			159,403	33,050		524,100
Total Current Assets	\$ 5,155,202	\$ 833,763	\$ 43,213	\$ 2,861,809	\$ 2,901,383	\$ 3,937,313	\$ 15,732,683
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts Payable	\$ 54,277	\$ 66,400	\$	\$ 9,767	\$ 83,470	\$ 63,733	\$ 277,647
Accrued Liabilities	49,236			35,751	8,907		93,894
Due to Other Funds		9,590				64,444	74,034
Due to Other Governments	91,018				66,673		157,691
Bond Anticipation Notes Payable						3,525,109	3,525,109
Total Current Liabilities	194,531	75,990		45,518	159,050	3,653,286	4,128,375
Deferred Inflows of Resources							
Unavailable Revenue - Real Property Taxes	1,235,536						1,235,536
Fund Balances							
Non-spendable	447,393	112,329		159,403	33,050		752,175
Restricted	7,047			253,878		284,027	544,952
Assigned	489,882	645,444	43,213	2,403,010	2,709,283		6,290,832
Unassigned	2,780,813						2,780,813
Fund Balances	3,725,135	757,773	43,213	2,816,291	2,742,333	284,027	10,368,772
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,155,202	\$ 833,763	\$ 43,213	\$ 2,861,809	\$ 2,901,383	\$ 3,937,313	\$ 15,732,683

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, 2015

Governmental Fund Balance		\$ 10,368,772
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	98,633,194
	Accumulated Depreciation	<u>(54,757,948)</u>
		43,875,246
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		1,235,536
Proportionate share of long-term asset and liability associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.		
	Decrease in Prepaid for Pension	(324,384)
	Deferred Outflows - Pensions	1,576,544
	Net Pension Liability - Proportionate Share	(714,591)
	Deferred Inflows - Pensions	<u>(103,978)</u>
		433,591
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	(12,604,226)
	Capital Lease Notes	(106,326)
	Accrued Interest	(10,345)
	Compensated Absences Payable	(913,753)
	OPEB	<u>(16,454,424)</u>
		<u>(30,089,074)</u>
Net Position of Governmental Activities		\$ <u>25,824,071</u>

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, 2015

	Governmental						Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	Capital	
Revenues							
Real Property Taxes	\$ 3,525,937		\$ 35,536				\$ 3,561,473
Other Real Property Tax Items	205,699						205,699
Nonproperty Tax Items	4,738,507						4,738,507
Departmental Income	193,363	362	9,271	3,110,489	2,115,701		5,429,186
Intergovernmental Charges	20,282						20,282
Tribal Compact Moneys	162,861						162,861
Use of Money and Property	23,339	5,858	276	83,374	6,745		119,592
Licenses and Permits	94,029				400		94,429
Fines and Forfeitures	98,583						98,583
Sale of Property and Compensation for Loss	217,605			2,000			219,605
Miscellaneous	33,946			1,319	37,298	11,213	83,776
State Aid	1,905,497					501,139	2,406,636
Federal Aid		217,528				11,423	228,951
Total Revenues	<u>11,219,648</u>	<u>223,748</u>	<u>45,083</u>	<u>3,197,182</u>	<u>2,160,144</u>	<u>523,775</u>	<u>17,369,580</u>
Expenditures							
General Government Support	1,204,098					22,406	1,226,504
Public Safety	3,985,975					215,633	4,201,608
Public Health	18,463						18,463
Transportation	1,368,807					645,280	2,014,087
Economic Assistance and Opportunity	1,500						1,500
Home and Community Services	174,737	213,213	9,641	1,903,196	1,358,886	233,256	3,892,929
Culture and Recreation	365,257					291,397	656,654
Employee Benefits	3,906,488			532,663	345,481		4,784,632
Debt Service - Principal	403,643			250,000	305,552		959,195
Debt Service - Interest	86,056			23,759	1,259		111,074
Total Expenditures	<u>11,515,024</u>	<u>213,213</u>	<u>9,641</u>	<u>2,709,618</u>	<u>2,011,178</u>	<u>1,407,972</u>	<u>17,866,646</u>
Excess (Deficit) Revenues Over Expenditures	<u>(295,376)</u>	<u>10,535</u>	<u>35,442</u>	<u>487,564</u>	<u>148,966</u>	<u>(884,197)</u>	<u>(497,066)</u>
Other Financing Sources (Uses)							
Interfund Transfers From	237,317			171,282	79,244	343,927	831,770
Interfund Transfers To	(343,927)	(13,742)	(34,000)	(96,380)	(129,135)	(214,586)	(831,770)
Proceeds of Long-Term Debt						2,896,388	2,896,388
Bond Anticipation Notes Redeemed from Appropriations						70,000	70,000
Total Other Financing Sources (Uses)	<u>(106,610)</u>	<u>(13,742)</u>	<u>(34,000)</u>	<u>74,902</u>	<u>(49,891)</u>	<u>3,095,729</u>	<u>2,966,388</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	(401,986)	(3,207)	1,442	562,466	99,075	2,211,532	2,469,322
Fund Balances (Deficit), Beginning of Year	4,127,121	760,980	41,771	2,253,825	2,643,258	(1,927,505)	7,899,450
Fund Balances, End of Year	<u>\$ 3,725,135</u>	<u>\$ 757,773</u>	<u>\$ 43,213</u>	<u>\$ 2,816,291</u>	<u>\$ 2,742,333</u>	<u>\$ 284,027</u>	<u>\$ 10,368,772</u>

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, 2015

Net Changes in Fund Balance - Total Governmental Funds **\$ 2,469,322**

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 depreciation exceeds capital outlays in the period.

Capital Outlays	1,229,402	
Depreciation	<u>(2,602,668)</u>	(1,373,266)

Revenue in the statement of activities that do not provide current financial resources are not reported in the funds. 23,349

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.

Proceeds of Long Term Debt	(2,735,000)	
Proceeds of Capital Leases	(161,388)	
Principal Payments on Long Term Debt	834,134	
Principal Payments on Capital Leases	<u>63,780</u>	(1,998,474)

Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. 308,816

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	(135,720)	
Accrued Interest	(1,508)	
Compensated Absences	<u>(125,619)</u>	(262,847)

Change in Net Position Governmental Activities **\$ (833,100)**

CITY OF ONEIDA, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2015

	<u>Agency</u>
Assets	
Unrestricted Cash	\$ 11,905
Other Assets	<u>2,454</u>
Total Assets	<u>\$ 14,359</u>
Liabilities and Net Position	
Liabilities	
Agency Liabilities	<u>\$ 14,359</u>
Total Liabilities	<u>\$ 14,359</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, 2015

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. 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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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.

(a) Major Funds:

The City reports the following major governmental funds:

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.

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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

(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 2015 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.

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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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 2015 levy was based, was \$468,993,597. 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, 2015, 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 2015 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, 2015. The collections are split between the municipalities as follows:

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

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, 2015, includes \$4,523,402 of sales tax.

Cash and Cash Equivalents

State statues 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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportionate share of the collective net pension asset or liability and difference during the measurement period between the College's contributions and its proportionate share of total contributions not included in pension expense.

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 Benefits

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, 2015

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.

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.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long term obligations are reported in the Government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgements, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from the governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the City's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, which qualify for reporting in this category. One, arises only under a modified accrual basis of accounting. 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. The other item that qualifies is related to pensions reported in the City's statement of net position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of the contributions to the pension systems not included in pension expense.

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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

(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.

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.

- ***Debt Service Reserve***

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Fund***

This fund is used to account for and report the financial resources that are restricted by a voter proposition for acquisition, construction or major repair of capital 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, 2015.
- ***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.

The City adopted a fund balance policy in 2015 for the General Fund, whereas the minimum level of fund balance is to be kept at 20% of the General Fund's subsequent year's Budget.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

New Accounting Standard

The City changed accounting policies related to the financial statement presentation of defined benefit pensions by adopting *Statement of Government Accounting Standards (GASB Statement) No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68, in 2015. The new pronouncements require 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 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

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.

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 five 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.

(e) Pension Differences

Pension differences occur as a result of changes in the City's proportion of the collective net position asset/liability and differences between the Districts' contributions and its proportionate share of the total contributions to the pension system.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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>
Change from Adopted Budget to Revised Budget					
Adopted Budget	\$ 12,328,644	\$ 462,830	\$ 44,998	\$ 3,190,447	\$ 2,405,857
Add: Prior Year's Encumbrances	<u>6,803</u>	<u>645</u>		<u>55,765</u>	<u>13,038</u>
Original and Adopted Budget	<u>12,335,447</u>	<u>463,475</u>	<u>44,998</u>	<u>3,246,212</u>	<u>2,418,895</u>
Amendments:					
Departmental Income	2,565			(61,282)	
Use of Money and Property	24,375				
Sale of Property and Compensation for Loss	39,634				
Miscellaneous	3,430				
Interfund Transfers From	59,343			61,282	
Appropriated Fund Balance	38,325	4,801		33,439	2,318
Federal Aid		<u>25,549</u>			
Total Amendments	<u>167,672</u>	<u>30,350</u>		<u>33,439</u>	<u>2,318</u>
Final Budget	<u>\$ 12,503,119</u>	<u>\$ 493,825</u>	<u>\$ 44,998</u>	<u>\$ 3,279,651</u>	<u>\$ 2,421,213</u>

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 \$75,000. The loans are to be repaid in monthly installments over 7 to 10 years at interest rates ranging from 1.75% to 4.75%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 52,985	\$ 4,363	\$ 57,348
2017	38,868	3,130	41,998
2018	24,020	2,112	26,132
2019	24,691	1,381	26,072
2020	21,172	648	21,820
2021-2022	<u>10,225</u>	<u>169</u>	<u>10,394</u>
	<u>\$ 171,961</u>	<u>\$ 11,803</u>	<u>\$ 183,764</u>

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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
2016	\$ 28,171	\$ 15	\$ 28,186
2017	530		530
	\$ 28,701	\$ 15	\$ 28,716

Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2015December 31, 2015December 31, 2015December 31, 2015, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance As Restated	Additions	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 2,352,649	\$ 305,453	\$ 2,658,102	\$ 59,800	\$ 2,717,902
Construction in Progress	3,634,144	(3,003,794)	630,350	331,571	961,921
Total	5,986,793	(2,698,341)	3,288,452	391,371	3,679,823
Capital Assets Being Depreciated					
Buildings	35,217,191	8,795,931	44,013,122	161,734	44,174,856
Infrastructure	36,733,203	2,284,165	39,017,368	391,317	39,408,685
Improvements	12,686,551	(8,725,860)	3,960,691		3,960,691
Equipment	7,277,850	(153,691)	7,124,159	284,980	7,409,139
Total	91,914,795	2,200,545	94,115,340	838,031	94,953,371
Accumulated Depreciation					
Buildings	18,419,823	727,588	19,147,411	1,269,101	20,416,512
Infrastructure	17,386,567	8,922,005	26,308,572	813,489	27,122,061
Improvements	8,279,544	(7,055,155)	1,224,389	170,316	1,394,705
Equipment	4,991,914	482,994	5,474,908	349,762	5,824,670
Total	49,077,848	3,077,432	52,155,280	2,602,668	54,757,948
Net Capital Assets Being Depreciated	42,836,947	(876,887)	41,960,060	(1,764,637)	40,195,423
Net Capital Assets	\$ 48,823,740	\$ (3,575,228)	\$ 45,248,512	\$(1,373,266)	\$ 43,875,246

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

Governmental Activities	
General Governmental Support	\$ 7,681
Public Safety	146,939
Transportation	706,419
Home and Community Services	1,679,773
Culture and Recreation	61,856
Total Depreciation Expense	\$ 2,602,668

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

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, 2015:

<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>
Capital Fund					
Fish Creek Crossing	05/15	\$ 2,200,000	01/16	1.00	\$ 2,200,000
Debris Cleanup	11/15	165,000	12/20	1.04	165,000
Rescue Truck	11/15	179,798	12/35	1.04	179,798
Fire Engine	11/15	748,907	12/35	1.01	748,907
Plow Truck	11/15	231,404	12/30	1.04	231,404
Totals					\$ 3,525,109

Changes in the City's short-term outstanding debt for the year ended December 31, 20152015, are as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Ending Balance</u>
Governmental Activities				
Dump Truck	\$ 55,000	\$	\$ (55,000)	\$
City Hall Roof	655,000		(655,000)	
Fish Creek Crossing	2,200,000	2,200,000	(2,200,000)	2,200,000
Debris Cleanup		165,000		165,000
Rescue Truck		179,798		179,798
Fire Engine		748,907		748,907
Plow Truck		231,404		231,404
Total Governmental Activities	\$ 2,910,000	\$ 3,525,109	\$ (2,910,000)	\$ 3,525,109

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.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

Long-term liability balances and activity are as follows:

Description	Outstanding Beginning		Paid	Outstanding Ending		Due Within One Year
	Balance	Issued		Balance	Balance	
Governmental Activities						
Serial Bonds Payable	\$ 10,703,360	\$ 2,735,000	\$ (834,134)	\$ 12,604,226		\$ 904,134
Capital Lease Notes		161,387	(55,061)	106,326		52,541
OPEB Liability	16,318,704	1,373,750	(1,238,030)	16,454,424		
Compensated Absences	<u>788,134</u>	<u>125,619</u>		<u>913,753</u>		
Total Governmental	<u>\$ 27,810,198</u>	<u>\$ 4,395,756</u>	<u>\$ (2,127,225)</u>	<u>\$ 30,078,729</u>		<u>\$ 956,675</u>

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

Fiscal Year Ended December 31,	Principal	Interest	Total
2016	\$ 904,134	\$ 186,550	\$ 1,090,684
2017	929,134	160,336	1,089,470
2018	949,134	135,261	1,084,395
2019	959,134	108,846	1,067,980
2020	704,134	89,575	793,709
2021-2025	3,190,670	268,500	3,459,170
2026-2030	2,365,670	70,050	2,435,720
2031-2035	1,445,670		1,445,670
2036-2039	<u>1,156,546</u>		<u>1,156,546</u>
Total	<u>\$ 12,604,226</u>	<u>\$ 1,019,118</u>	<u>\$ 13,623,344</u>

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

Details relating to general obligation (serial) bonds of the City outstanding at December 31, 2015, are summarized as follows:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund				
2003	Dec-2003	Dec-2016	3.5	\$ 97,836
2011	Feb-2011	Dec-2023	2	1,765,000
2015	Dec-2015	Dec-2029	2.3	<u>640,000</u>
				<u>2,502,836</u>
Water Fund				
2000	Mar-2000	Dec-2019	5.17	1,050,000
2015	Dec-2015	Dec-2029		<u>2,095,000</u>
				<u>3,145,000</u>
Sewer Fund				
2003	Dec-2003	Dec-2016	3.5	17,164
2009	Jul-2009	Apr-2039	0 *	<u>6,939,226</u>
				<u>6,956,390</u>
Total				<u>\$ 12,604,226</u>

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

Total interest for the year was as follows:

Interest Paid	\$ 111,074
Less: Interest Accrued in the Prior Year	(8,837)
Plus: Interest Accrued in the Current Year	<u>10,345</u>
Total Interest Expense on Long-Term Debt	<u>\$ 112,582</u>

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, 2015, the total outstanding indebtedness of the City aggregated to \$16,129,335. Of this amount, \$3,467,156 was subject to the constitutional debt limit and represented approximately 10.3% 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.

CITY OF ONEIDA, NEW YORK
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For the Year Ended December 31, 2015

(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, 2015 billings was made in January 2015. The City prepaid 25% of this billing at December 31, 2015.

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

	ERS	PFRS	Total
2014	\$ 616,672	\$ 865,459	\$ 1,482,131
2015	\$ 714,654	\$ 880,475	\$ 1,595,129
2016	\$ 544,656	\$ 752,885	\$ 1,297,541

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported a liability of \$714,591 (ERS \$415,434 and PFRS \$299,157) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015 and 2014, the City's proportion was 0.0122973 percent for ERS and 0.108618 percent for PFRS.

For the year ended December 31, 2015, the City recognized pension expense of \$1,063,132 (ERS \$390,230 and PFRS \$672,902). At December 31, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	ERS	PFRS	Total
Differences Between Expected and Actual Experience	\$ 13,298	\$ 36,076	\$ 49,374
Change of Assumptions			
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	72,156	100,437	172,593
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	57,036		57,036
Contributions Subsequent to the Measurement Date	544,656	752,885	1,297,541
Total	\$ 687,146	\$ 889,398	\$ 1,576,544

CITY OF ONEIDA, NEW YORK
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For the Year Ended December 31, 2015

Deferred Inflows of Resources	ERS	PFRS	Total
Differences Between Expected and Actual Experience	\$	\$	\$
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions		103,978	103,978
Total	\$	\$ 103,978	\$ 103,978

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	ERS	PFRS	Total
2016	\$ 580,278	\$ 764,414	\$ 1,344,692
2017	\$ 35,622	\$ 11,529	\$ 47,151
2018	\$ 35,622	\$ 11,529	\$ 47,151
2019	\$ 35,622	\$ 11,529	\$ 47,151
2020	\$	\$ (13,579)	\$ (13,579)

(d) Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Investment Rate of Return	
(Net of Investment Expense, including Inflation)	7.50%
Salary Scale	4.90%
Decrement Tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation Rate	2.70%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.30%
International Equity	8.55%
Private Equity	11.00%
Real Estate	8.25%
Absolute Return Strategies	6.75%
Opportunistic Portfolio	8.60%
Real Assets	8.65%
Bonds and Mortgages	4.00%
Cash	2.25%
Inflation-Indexed Bonds	4.00%

(e) Discount Rate

The discount rate used to calculate the total pension asset/liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Proportionate Share of the Net Pension Liability			
ERS	\$2,769,044	\$ 415,434	\$(1,571,598)
PFRS	\$3,983,120	\$ 299,157	\$(2,788,226)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

CITY OF ONEIDA, NEW YORK
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For the Year Ended December 31, 2015

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. 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

	Total
Normal Cost	\$ 496,574
Amortization of UAL	1,409,166
ARC	1,905,740
Interest on OPEB Obligation	652,748
Adjustment to ARC	(1,184,738)
OPEB Expense	\$ 1,373,750

(d) Reconciliation of Net OPEB Obligation

	Total
Net OPEB Obligation at the Beginning of the Year	\$ 16,318,704
Annual Required Contribution	1,373,750
Net OPEB Contributions Made During the Fiscal Year	(1,238,030)
Net OPEB Obligation at the End of the Year	\$ 16,454,424
Percentage of Expense Contributed	90%

(e) Trend Information

<u>Fiscal Year Ending</u>	<u>Net OPEB Expense</u>	<u>OPEB Expense Contributed</u>	<u>% of Expense Contributed</u>	<u>Net OPEB Obligation</u>
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
December 31, 2015	\$ 1,373,750	\$ 1,238,030	90.1%	\$ 16,454,424

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

(f) Funding Status

	Total
Actuarial Accrued Liability	\$ 24,575,806
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 24,575,806
Funded Ratio	0%
Annual Covered Payroll	\$ 6,828,572
UAAL as a Percentage of Covered Payroll	360%

(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, 2014.

(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, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Period	30
Amortization Period Remaining of 30 Years	22
Funding Interest Rate	4%
Fiscal year that the Rate Reaches the Ultimate Trend Rate	2022

CITY OF ONEIDA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2015, were as follows:

<u>Fund Type</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 9,693	\$	\$ 237,317	\$ 343,927
Community Development		9,590		13,742
Water	64,280		171,282	96,380
Sewer	61		79,244	129,135
Hydrant				34,000
Capital		<u>64,444</u>	<u>343,927</u>	<u>214,586</u>
Total	<u>\$ 74,034</u>	<u>\$ 74,034</u>	<u>\$ 831,770</u>	<u>\$ 831,770</u>

The interfund receivables and payables will be repaid in 2016 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 \$343,927 represents budgeted transfers from the General Fund to finance various ongoing capital projects.

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, 2015, the City had construction commitments outstanding of approximately \$179,883, 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 net 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	Expires December 31, 2017
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
For the Year Ended December 31, 2015

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, 2015:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>	<u>Capital</u>	<u>Total</u>
Non-spendable	\$ 447,393	\$ 112,329	\$	\$ 159,403	\$ 33,050	\$	\$ 752,175
Restricted							
Debt Service Reserve	7,047						7,047
Capital Reserve				253,878		284,027	537,905
Total Restricted	<u>7,047</u>			<u>253,878</u>		<u>284,027</u>	<u>544,952</u>
Assigned							
Governmental Support	15,879						15,879
Public Safety	14,506						14,506
Transportation	1,638						1,638
Culture and Recreation	209						209
Home and Community Services	1,000	645,444	43,213	2,403,010	2,709,283		5,801,950
Appropriated for Subsequent Year's Budget	456,650						456,650
Total Assigned	<u>489,882</u>	<u>645,444</u>	<u>43,213</u>	<u>2,403,010</u>	<u>2,709,283</u>		<u>6,290,832</u>
Unassigned	<u>2,780,813</u>						<u>2,780,813</u>
Total Fund Balances	<u>\$ 3,725,135</u>	<u>\$ 757,773</u>	<u>\$ 43,213</u>	<u>\$ 2,816,291</u>	<u>\$ 2,742,333</u>	<u>\$ 284,027</u>	<u>\$10,368,772</u>

8. PRIOR PERIOD ADJUSTMENTS

Government Wide

A prior period adjustment related to the City's participation in the New York State Employee Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) has been reflected in the Government-wide financial statements to record the net pension asset/liability, deferred outflows and inflows of resources, and adjusted pension expense and net position in accordance with GASB 68. The City's prior year net position has increased by \$124,776 due to this adjustment.

A prior period adjustment related to fixed assets was also recorded. This was the result of the City performing a full physical inventory on all fixed assets. The City's prior year net position has decreased by \$3,575,228.

9. SUBSEQUENT EVENT

The Federal Emergency Management Agency (FEMA) awarded the City of Oneida \$21,193,909 in federal money to buy out 154 properties that were destroyed or damaged in the June 2013 flood. The money will be passed from FEMA to the New York State Division of Homeland Security and Energy Services (DHSES), which in turn will give the money to the City. The City will buy the homes and be reimbursed by FEMA through DHSES.

CITY OF ONEIDA, NEW YORK
SCHEDULES OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended December 31, 2015

Fiscal Year Ending	Actuarial Value of Assets	Actuarial		Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
		Accrued Liability-Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)			
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
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%
December 31, 2015	\$	\$ 24,575,806	\$ 24,575,806	0%	\$ 6,828,572	360%

CITY OF ONEIDA
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
For the Year Ended December 31, 2015

ERS Pension Plan									
Last 9 Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 544,656	714,654	616,672	649,364	583,429	540,935	273,274	264,761	370,668
Contributions in Relation to the Contractually Required Contribution	<u>544,656</u>	<u>714,654</u>	<u>616,672</u>	<u>649,364</u>	<u>583,429</u>	<u>540,935</u>	<u>273,274</u>	<u>264,761</u>	<u>370,668</u>
Contribution Deficiency (Excess)	<u>\$</u>								
City's Covered- ERS Employee Payroll	\$ 3,054,725	3,243,110	3,032,926	3,267,009	3,449,533	3,318,349	3,416,836	3,186,480	3,125,115
Contributions as a Percentage of Covered-Employee Payroll	17.83%	22.04%	20.33%	19.88%	16.91%	16.30%	8.00%	8.31%	11.86%
PFRS Pension Plan									
Last 9 Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 752,885	880,475	865,459	741,137	722,260	532,907	456,829	444,858	446,127
Contributions in Relation to the Contractually Required Contribution	<u>752,885</u>	<u>880,475</u>	<u>865,459</u>	<u>741,137</u>	<u>722,260</u>	<u>532,907</u>	<u>456,829</u>	<u>444,858</u>	<u>446,127</u>
Contribution Deficiency (Excess)	<u>\$</u>								
City's Covered- PFRS Employee Payroll	\$ 3,230,831	3,270,342	3,149,340	3,156,214	3,299,987	3,092,150	2,900,344	3,003,587	2,887,030
Contributions as a Percentage of Covered-Employee Payroll	23.30%	26.92%	27.48%	23.48%	21.89%	17.23%	15.75%	14.81%	15.45%

*Information is presented only for the years available.

CITY OF ONEIDA
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
For the Year Ended December 31, 2015

NYS Employees Retirement System Pension Plan

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.0122973%	0.0122973%
City's proportionate share of the net pension liability	\$ 415,434	\$ 555,699
City's covered-employee payroll	\$ 3,243,110	\$ 3,032,926
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.81%	18.32%
Plan fiduciary net position as a percentage of total pension liability	97.90%	97.20%

NYS Police and Fire Retirement System Pension Plan

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.108618%	0.108618%
City's proportionate share of the net pension liability	\$ 299,157	\$ 452,453
City's covered-employee payroll	\$ 3,270,342	\$ 3,149,340
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.15%	14.37%
Plan fiduciary net position as a percentage of total pension liability	99.00%	98.50%

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, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
Revenues				
Real Property Taxes	\$ 3,727,833	\$ 3,727,833	\$ 3,525,937	\$ (201,896)
Other Real Property Tax Items	178,500	178,500	205,699	27,199
Nonproperty Tax Items	4,556,000	4,556,000	4,738,507	182,507
Departmental Income	200,925	203,490	193,363	(10,127)
Intergovernmental Charges	19,400	19,400	20,282	882
Tribal Compact Moneys	101,577	101,577	162,861	61,284
Use of Money and Property	18,000	42,375	23,339	(19,036)
Licenses and Permits	58,890	58,890	94,029	35,139
Fines and Forfeitures	105,000	105,000	98,583	(6,417)
Sale of Property and Compensation for Loss	10,000	49,634	217,605	167,971
Miscellaneous	15,000	18,430	33,946	15,516
State Aid	<u>1,904,856</u>	<u>1,904,856</u>	<u>1,905,497</u>	<u>641</u>
Total Revenues	<u>10,895,981</u>	<u>10,965,985</u>	<u>11,219,648</u>	<u>253,663</u>
Expenditures				
General Government Support	1,230,661	1,291,220	1,204,098	87,122
Public Safety	4,031,795	4,107,246	3,985,975	121,271
Public Health	31,327	31,327	18,463	12,864
Transportation	1,259,355	1,523,193	1,368,807	154,386
Economic Assistance and Opportunity		1,500	1,500	
Culture and Recreation	414,645	432,393	365,257	67,136
Home and Community Services	297,096	188,650	174,737	13,913
Employee Benefits	4,493,557	4,039,430	3,906,488	132,942
Debt Service - Principal	333,076	416,659	403,643	13,016
Debt Service - Interest	<u>99,617</u>	<u>101,709</u>	<u>86,056</u>	<u>15,653</u>
Total Expenditures	<u>12,191,129</u>	<u>12,133,327</u>	<u>11,515,024</u>	<u>618,303</u>
Deficit Revenues Over Expenditures	<u>(1,295,148)</u>	<u>(1,167,342)</u>	<u>(295,376)</u>	<u>871,966</u>
Other Financing Sources (Uses)				
Interfund Transfers From	187,161	246,504	237,317	(9,187)
Interfund Transfers To	(137,515)	(369,792)	(343,927)	25,865
Appropriated Fund Balance	<u>1,245,502</u>	<u>1,290,630</u>		<u>(1,290,630)</u>
Total Other Financing Sources (Uses)	<u>1,295,148</u>	<u>1,167,342</u>	<u>(106,610)</u>	<u>(1,273,952)</u>
Deficit Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (401,986)</u>	<u>\$ (401,986)</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, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
Revenues				
Departmental Income	\$ 2,780	\$ 2,780	\$ 362	\$ (2,418)
Use of Money and Property			5,858	5,858
Miscellaneous			(3,946)	(3,946)
Federal Aid	<u>421,538</u>	<u>447,087</u>	<u>217,528</u>	<u>(229,559)</u>
Total Revenues	<u>424,318</u>	<u>449,867</u>	<u>219,802</u>	<u>(230,065)</u>
Expenditures				
Home and Community Services	<u>450,830</u>	<u>468,083</u>	<u>209,267</u>	<u>258,816</u>
Total Expenditures	<u>450,830</u>	<u>468,083</u>	<u>209,267</u>	<u>258,816</u>
Excess (Deficit) Revenues Over Expenditures	<u>(26,512)</u>	<u>(18,216)</u>	<u>10,535</u>	<u>28,751</u>
Other Financing Sources (Uses)				
Interfund Transfers From	12,000	12,000		(12,000)
Interfund Transfers To	(12,000)	(25,742)	(13,742)	12,000
Appropriated Fund Balance	<u>26,512</u>	<u>31,958</u>		<u>(31,958)</u>
Total Other Financing Sources (Uses)	<u>26,512</u>	<u>18,216</u>	<u>(13,742)</u>	<u>(31,958)</u>
Deficit Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (3,207)</u>	<u>\$ (3,207)</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, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
Revenues				
Real Property Taxes	\$ 35,540	\$ 35,540	\$ 35,536	\$ (4)
Departmental Income	9,208	9,208	9,271	63
Use of Money and Property	<u>250</u>	<u>250</u>	<u>276</u>	<u>26</u>
Total Revenues	<u>44,998</u>	<u>44,998</u>	<u>45,083</u>	<u>85</u>
Expenditures				
Home and Community Services	<u>10,998</u>	<u>10,998</u>	<u>9,641</u>	<u>1,357</u>
Total Expenditures	<u>10,998</u>	<u>10,998</u>	<u>9,641</u>	<u>1,357</u>
Excess Revenues Over Expenditures	<u>34,000</u>	<u>34,000</u>	<u>35,442</u>	<u>1,442</u>
Other Financing Sources (Uses)				
Interfund Transfers To	<u>(34,000)</u>	<u>(34,000)</u>	<u>(34,000)</u>	<u></u>
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>(34,000)</u>	<u>(34,000)</u>	<u></u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 1,442</u>	<u>\$ 1,442</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, 2015

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
Revenues				
Departmental Income	\$ 3,141,947	\$ 3,080,665	\$ 3,110,489	\$ 29,824
Use of Money and Property	4,500	4,500	83,374	78,874
Sale of Property and Compensation for Loss	10,000	10,000	2,000	(8,000)
Miscellaneous			1,319	1,319
Total Revenues	<u>3,156,447</u>	<u>3,095,165</u>	<u>3,197,182</u>	<u>102,017</u>
Expenditures				
Home and Community Services	2,047,732	2,146,405	1,903,196	243,209
Employee Benefits	613,255	603,786	532,663	71,123
Debt Service - Principal	250,000	250,000	250,000	
Debt Service - Interest	<u>90,580</u>	<u>90,580</u>	<u>23,759</u>	<u>66,821</u>
Total Expenditures	<u>3,001,567</u>	<u>3,090,771</u>	<u>2,709,618</u>	<u>381,153</u>
Excess Revenues Over Expenditures	<u>154,880</u>	<u>4,394</u>	<u>487,564</u>	<u>483,170</u>
Other Financing Sources (Uses)				
Interfund Transfers From	34,000	95,282	171,282	76,000
Interfund Transfers To	(188,880)	(188,880)	(96,380)	92,500
Appropriated Fund Balance		<u>89,204</u>		<u>(89,204)</u>
Total Other Financing Sources (Uses)	<u>(154,880)</u>	<u>(4,394)</u>	<u>74,902</u>	<u>79,296</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 562,466</u>	<u>\$ 562,466</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, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
Revenues				
Departmental Income	\$ 2,356,157	\$ 2,356,157	\$ 2,115,701	\$ (240,456)
Use of Money and Property	24,000	24,000	6,745	(17,255)
Licenses and Permits	500	500	400	(100)
Sale of Property and Compensation for Loss	200	200		(200)
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>37,298</u>	<u>12,298</u>
Total Revenues	<u>2,405,857</u>	<u>2,405,857</u>	<u>2,160,144</u>	<u>(245,713)</u>
Expenditures				
Home and Community Services	1,567,848	1,585,073	1,358,886	226,187
Employee Benefits	393,434	391,565	345,481	46,084
Debt Service - Principal	305,552	305,552	305,552	
Debt Service - Interest	<u>1,260</u>	<u>1,260</u>	<u>1,259</u>	<u>1</u>
Total Expenditures	<u>2,268,094</u>	<u>2,283,450</u>	<u>2,011,178</u>	<u>272,272</u>
Excess Revenues Over Expenditures	<u>137,763</u>	<u>122,407</u>	<u>148,966</u>	<u>26,559</u>
Other Financing Sources (Uses)				
Interfund Transfers From			79,244	79,244
Interfund Transfers To	(137,763)	(137,763)	(129,135)	8,628
Appropriated Fund Balance		<u>15,356</u>		<u>(15,356)</u>
Total Other Financing Sources (Uses)	<u>(137,763)</u>	<u>(122,407)</u>	<u>(49,891)</u>	<u>72,516</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 99,075</u>	<u>\$ 99,075</u>