

CITY OF ONEIDA,  
NEW YORK

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
December 31, 2016

**CITY OF ONEIDA, NEW YORK  
TABLE OF CONTENTS**

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	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1-2
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	3-13
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
• Statement of Net Position	14
• Statement of Activities	15
Fund Financial Statements	
• Balance Sheet – Governmental Funds	16
• Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	17
• Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
• Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	19
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Position	20
Notes to Basic Financial Statements	21-39
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedules of Funding Progress of Other Postemployment Benefits	40
Schedule of Local Government Contributions	41
Schedules of Local Government’s Proportionate Share of Net Pension Liability	42
Schedules of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual –	
General Fund	43
Community Development Fund	44
Miscellaneous Special Revenue Fund	45
Water Fund	46
Sewer Fund	47
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
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	48
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	49-50
Schedule of Expenditures of Federal Awards	51
Notes to Schedule of Expenditures of Federal Awards	52
Schedule of Findings and Questioned Costs Uniform Guidance	53-54
Status of Prior Year Findings and Recommendations	55-57
Management’s Response to Findings	58

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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 as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and 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 June 22, 2017 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*

June 22, 2017

Rome, New York

**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

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The City of Oneida, New York's management discussion and analysis of financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2016. 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.

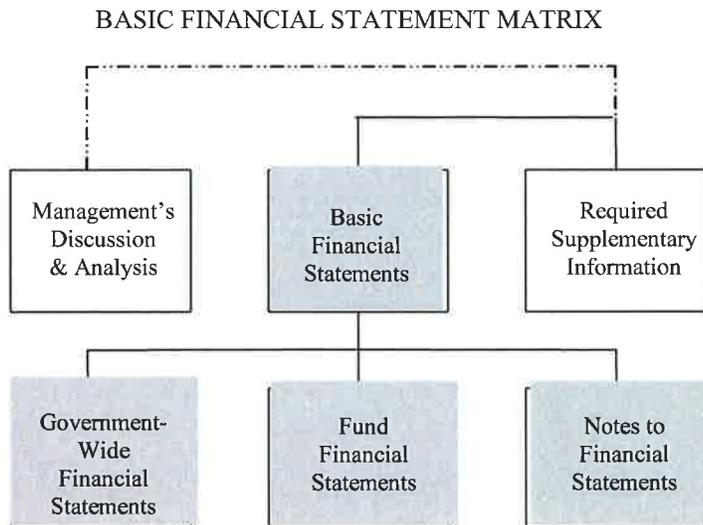
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2016 are as follows:

- The City's total Net Position, as reflected in the Government-wide financial statements, decreased by \$895,408.
- The City's expenses for the year, as reflected in the Government-wide financial statements, totaled \$20,837,721. The City's expenses were directly offset by the following revenue sources: \$5,751,316 charges for services, \$216,667 operating grants, and \$2,805,832 capital grants. General revenues of \$11,168,498 amount to 56% of total revenues. These revenues partially covered a portion of the balance of program expenses leaving a deficit of \$895,408.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 17 and 19, increased by \$7,031 to a balance of \$3,732,166.
- The Water Fund's total fund balance, as reflected in the fund financial statements on pages 17 and 19, increased by \$607,881 to a balance of \$3,424,174.
- The Sewer Fund's total fund balance, as reflected in the fund financial statements on pages 17 and 19, decreased by \$655,248 to a balance of \$2,087,085.

**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:



**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

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**A. Government-wide Financial Statements**

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, 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, 2016**

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

**A. Net Position**

The City's total Net Position decreased by \$895,407 between fiscal year 2016 and 2015. A summary of the City's Statement of Net Position at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>Restated 2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 13,603,286	\$ 15,334,265	\$ (1,730,979)	(11.3%)
Capital Assets, (Net of Accumulated Depreciation)	43,172,443	43,554,392	(381,949)	(0.9%)
Total Assets	<u>56,775,729</u>	<u>58,888,657</u>	<u>(2,112,928)</u>	(3.7%)
Deferred Outflows of Resources-Pensions	<u>6,170,685</u>	<u>1,576,544</u>	<u>4,594,141</u>	291.4%
Total Assets and Deferred Outflows of Resources	<u>\$ 62,946,414</u>	<u>\$ 60,465,201</u>	<u>\$ 2,481,213</u>	
Non-Current Liabilities	\$ 30,090,311	\$ 29,364,138	\$ 726,173	2.5%
Pension Liability-Proportionate Share	4,994,627	714,591	4,280,036	598.9%
Other Liabilities	<u>2,344,717</u>	<u>4,779,277</u>	<u>(2,434,560)</u>	(50.9%)
Total Liabilities	<u>37,429,655</u>	<u>34,858,006</u>	<u>2,571,649</u>	7.4%
Deferred Inflows of Resources-Pensions	<u>908,949</u>	<u>103,978</u>	<u>804,971</u>	774.2%
Net Position				
Net Investment in Capital Assets	29,883,863	30,843,840	(959,977)	(3.1%)
Restricted	1,354,379	544,644	809,735	148.7%
Unrestricted (Deficit)	<u>(6,630,432)</u>	<u>(5,885,266)</u>	<u>(745,166)</u>	(12.7%)
Total Net Position	<u>24,607,810</u>	<u>25,503,218</u>	<u>(895,408)</u>	(3.5%)
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 62,946,414</u>	<u>\$ 60,465,202</u>	<u>\$ 2,481,212</u>	

Current and Other Assets decreased by \$1,730,979, as compared to the prior year. This decrease is primarily due to the decrease in cash related to the FEMA buyback program, as well as timing of cash flows.

Capital Assets decreased by \$381,949, as compared to the prior year. This decrease is primarily due to depreciation exceeding capital outlays in the current year.

The \$6,170,685 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 \$726,173 as compared to the prior year. This increase is primarily the result of an increase in the City's compensated absence balance as well as an increase in the other post-employment benefits liability.

Other Liabilities decreased by \$2,434,560 as compared to the prior year. This decrease is primarily due to the paying off of the BAN's with permanent financing.

The \$908,949 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, 2016**

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, 2016, is \$6,630,432 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, 2016 and 2015 is as follows:

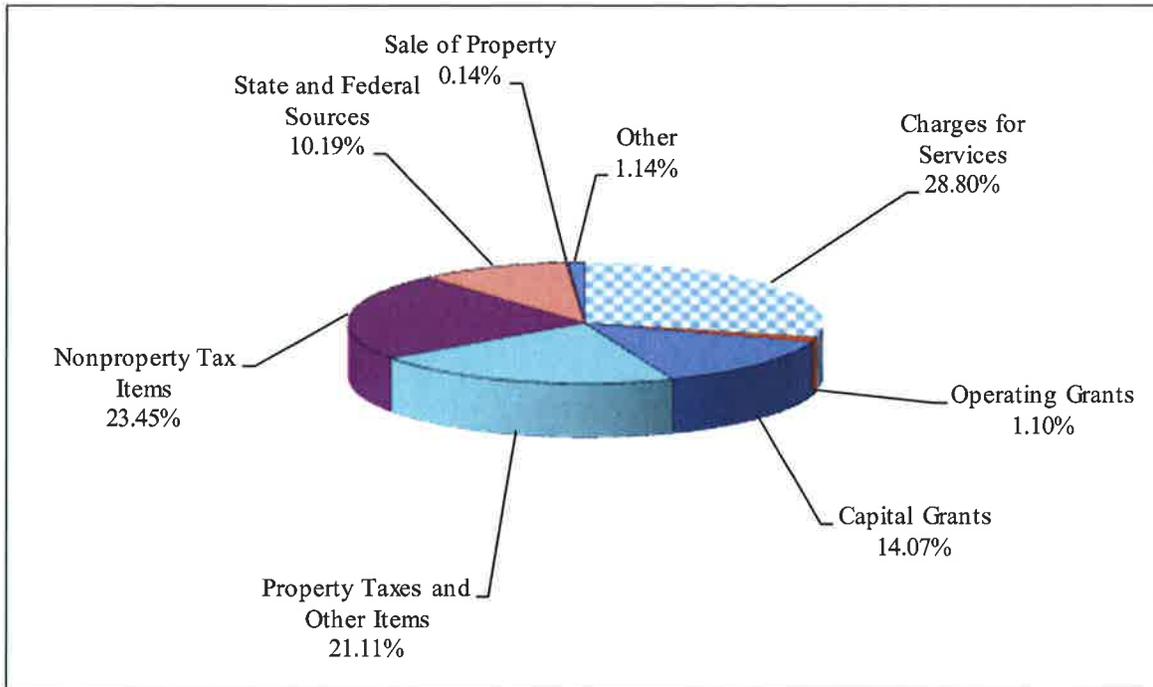
<b>Revenues</b>	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Program Revenues</b>				
Charges for Services	\$ 5,751,316	\$ 5,642,480	\$ 108,836	1.9%
Operating Grants	216,667	195,279	21,388	11.0%
Capital Grants	2,805,832	591,437	2,214,395	374.4%
<b>General Revenues</b>				
Property Taxes and Other Items	4,209,726	3,790,521	419,205	11.1%
Nonproperty Tax Items	4,671,891	4,738,507	(66,616)	(1.4%)
State and Federal Sources	2,032,737	1,857,271	175,466	9.4%
Sale of Property	27,186		27,186	100.0%
Other	226,958	577,435	(350,477)	(60.7%)
Total Revenues	<u>19,942,313</u>	<u>17,392,930</u>	<u>2,549,383</u>	14.7%
<b>Expenses</b>				
General Government Support	1,272,160	1,528,023	(255,863)	(16.7%)
Public Safety	7,585,279	6,682,898	902,381	13.5%
Public Health	32,094	18,463	13,631	73.8%
Transportation	2,399,630	2,657,737	(258,107)	(9.7%)
Economic Assistance and Opportunity	1,500	1,500		
Home and Community Services	8,732,632	6,377,550	2,355,082	36.9%
Culture and Recreation	646,071	855,996	(209,925)	(24.5%)
Debt Service - Interest	168,355	112,582	55,773	49.5%
Total Expenses	<u>20,837,721</u>	<u>18,234,749</u>	<u>2,602,972</u>	14.3%
<b>Total Change in Net Positions</b>	<u>\$ (895,408)</u>	<u>\$ (841,819)</u>	<u>\$ (53,589)</u>	

- Capital Grants - The increase is mainly the result of the FEMA funding for the Mitigation Project.
- Public Safety – The increase in public safety expense is due to the increase in spending on vehicles and equipment
- Home and Community Services – The increase in home and community services expenses is due to the FEMA Mitigation project.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

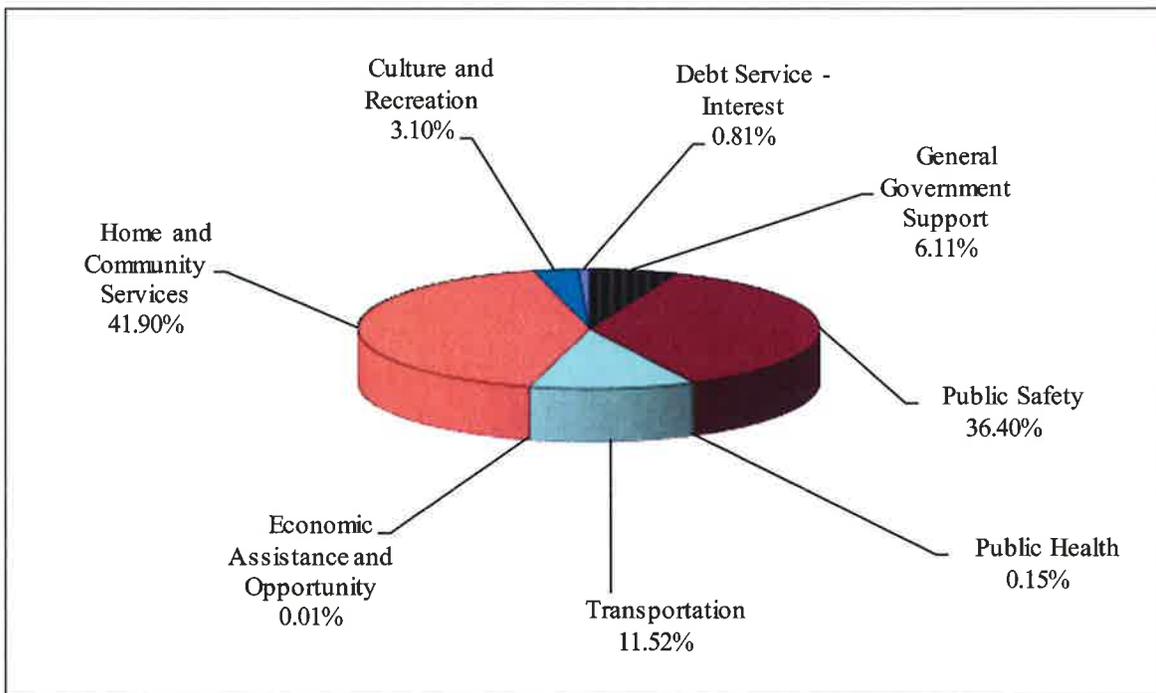
A graphic display of the distribution of revenues is as follows:

**For the Year Ended December 31, 2016**



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

**For the Year Ended December 31, 2016**



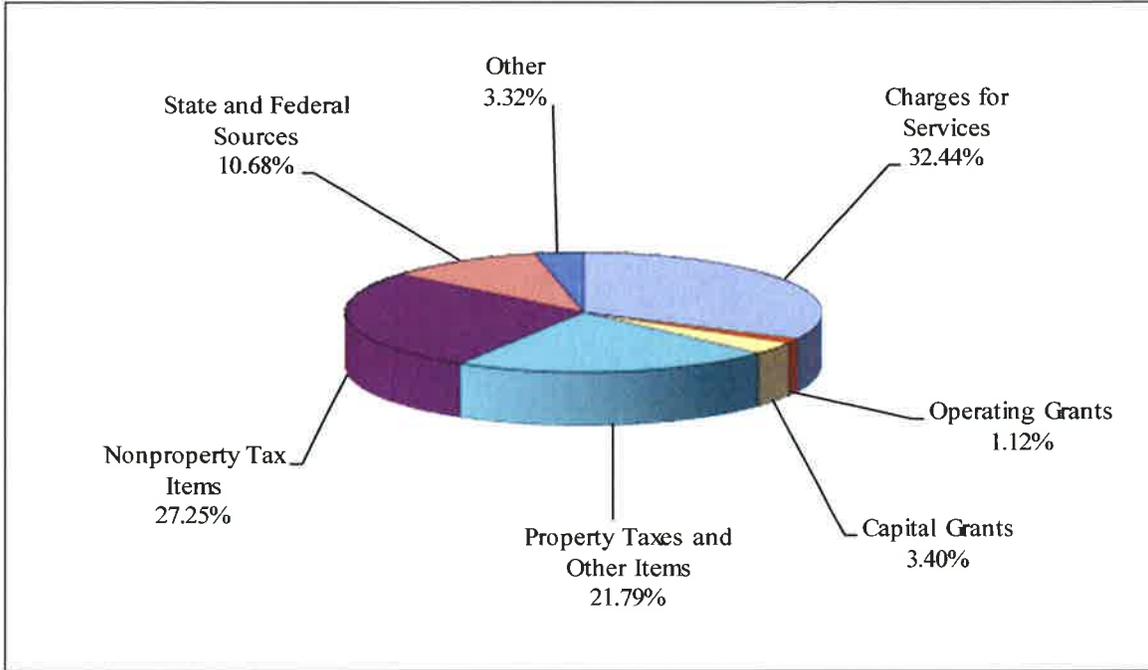
See Independent Auditor's Report

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

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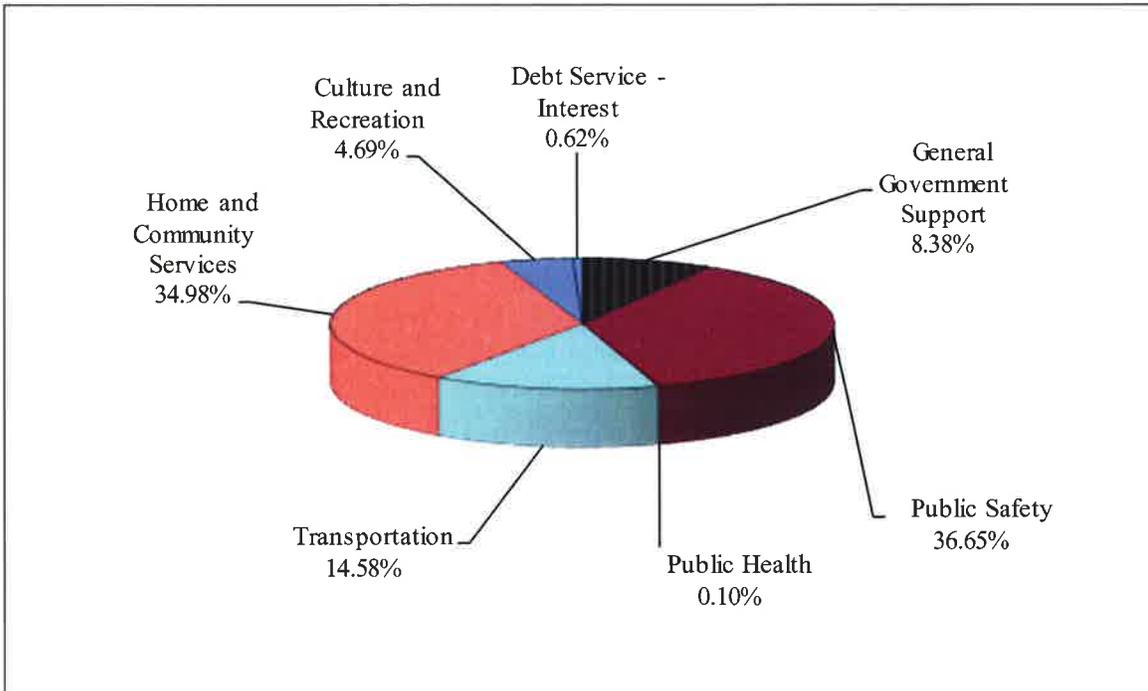
A graphic display of the distribution of revenues is as follows:

**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**



See Independent Auditor's Report

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

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

At December 31, 2016, the City's governmental funds reported a combined fund balance of \$11,326,974, which is an increase of \$958,202 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>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
<b>General</b>			
Nonspendable	\$ 505,839	\$ 447,393	\$ 58,446
Restricted		7,047	(7,047)
Assigned	172,417	489,882	(317,465)
Unassigned	<u>3,053,910</u>	<u>2,780,813</u>	<u>273,097</u>
	<u>3,732,166</u>	<u>3,725,135</u>	<u>7,031</u>
 <b>Community Development</b>			
Nonspendable	112,329	112,329	
Assigned	<u>934,963</u>	<u>645,443</u>	<u>289,520</u>
	<u>1,047,292</u>	<u>757,772</u>	<u>289,520</u>
 <b>Miscellaneous Special Revenue</b>			
Assigned	<u>45,493</u>	<u>43,213</u>	<u>2,280</u>
 <b>Water</b>			
Nonspendable	161,443	159,403	2,040
Restricted	356,568	253,878	102,690
Assigned	<u>2,906,163</u>	<u>2,403,012</u>	<u>503,151</u>
	<u>3,424,174</u>	<u>2,816,293</u>	<u>607,881</u>
 <b>Sewer</b>			
Nonspendable	33,177	33,050	127
Assigned	<u>2,053,908</u>	<u>2,709,283</u>	<u>(655,375)</u>
	<u>2,087,085</u>	<u>2,742,333</u>	<u>(655,248)</u>
 <b>Capital</b>			
Restricted	<u>990,764</u>	<u>284,026</u>	<u>706,738</u>
 Total Fund Balance	<u>\$ 11,326,974</u>	<u>\$ 10,368,772</u>	<u>\$ 958,202</u>

**CITY OF ONEIDA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2016**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's adopted budget for the year ended December 31, 2016, for the following funds totaled \$18,312,849. The 2016 General Fund budget was \$12,051,521 which was \$451,504 lower than the 2015 budget. The budgets were adopted and amended as follows:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>
<b>Change from Adopted Budget to Revised Budget</b>					
Adopted Budget	\$12,051,615	\$ 18,812	\$ 44,998	\$3,369,671	\$ 2,827,753
Add: Prior Year's Encumbrances	<u>32,232</u>			<u>13,054</u>	<u>5,019</u>
Original and Adopted Budget	<u>12,083,847</u>	<u>18,812</u>	<u>44,998</u>	<u>3,382,725</u>	<u>2,832,772</u>
Amendments:					
Departmental Income	555				
Use of Money and Property		102,997			
Sale of Property and Compensation for Loss	7,047				
Miscellaneous	21,951			(31)	(969)
Interfund Transfers To					804,719
Federal Aid		<u>2,711,677</u>			
Total Amendments	<u>29,553</u>	<u>2,814,674</u>		<u>(31)</u>	<u>803,750</u>
Final Budget	<u>\$12,113,400</u>	<u>\$ 2,833,486</u>	<u>\$ 44,998</u>	<u>\$3,382,694</u>	<u>\$ 3,636,522</u>

The majority of the funding sources for the budgets consisted of \$3,958,343 in property taxes, \$4,737,414 in non-property taxes, and \$5,516,599 in departmental income.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At December 31, 2016, 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, 2016. A summary of the City's capital assets, net of accumulated depreciation at December 31, 2016 and 2015, is as follows:

	<u>2016</u>	<u>Restated 2015</u>	<u>Increase (Decrease)</u>
Land	\$ 2,997,802	\$ 2,717,902	\$ 279,900
Construction in Progress	807,238	961,921	(154,683)
Buildings	22,196,780	23,446,798	(1,250,018)
Infrastructure	11,740,085	12,286,624	(546,539)
Improvements	2,397,404	2,565,986	(168,582)
Equipment	<u>3,033,133</u>	<u>1,575,161</u>	<u>1,457,972</u>
Capital Assets, Net	<u>\$ 43,172,442</u>	<u>\$ 43,554,392</u>	<u>\$ (381,950)</u>

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

**B. Debt Administration**

At December 31, 2016, the City had total bonds payable of \$13,234,795. A summary of the outstanding debt at December 31, 2016 and 2015 is as follows:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate (%)	Outstanding Amount		Increase (Decrease)
				2016	2015	
<b>General Fund</b>						
2003	Dec-2003	Dec-2016	3.50	\$	\$ 97,836	\$ (97,836)
2011	Feb-2011	Dec-2023	2.00	1,570,000	1,765,000	(195,000)
2015	Dec-2015	Dec-2029	2.00-3.00	600,000	640,000	(40,000)
2016	Nov-2016	Nov-2031	2.00-4.00	1,534,703		1,534,703
				<u>3,704,703</u>	<u>2,502,836</u>	<u>1,201,867</u>
<b>Water Fund</b>						
2000	Mar-2000	Dec-2019	5.17	795,000	1,050,000	(255,000)
2015	Dec-2015	Dec-2029	2.00-3.00	2,085,000	2,095,000	(10,000)
				<u>2,880,000</u>	<u>3,145,000</u>	<u>(265,000)</u>
<b>Sewer Fund</b>						
2003	Dec-2003	Dec-2016	3.50		17,164	(17,164)
2009	Jul-2009	Apr-2039	0*	6,650,092	6,939,226	(289,134)
				<u>6,650,092</u>	<u>6,956,390</u>	<u>(306,298)</u>
Total Long Term Debt				<u>\$ 13,234,795</u>	<u>\$ 12,604,226</u>	<u>\$ 640,569</u>

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

The 2017 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 (38%), property taxes (33%), and state aid (15%). Revenue has increased slightly since 2016. A property tax increase of 1.98% was included in the 2017 budget.

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 2017 budgeted health care and retirement expenditures 20% and 10% 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

*\*Currently in negotiations*

**Downtown Beautification and Main Street Improvements**

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. The City has also been awarded a \$365,000 grant for the Main Street program. This program is a city centered target area grant designed to improve the building facades and to construct new market rate, upper floor apartments. In addition to the grant funds,

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

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the City is reviewing options to enter into a performance based energy efficiency improvement project to transfer the street light ownership to the City and convert the lighting to LED.

**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". 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 2017 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.

**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016**

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**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 began mid-2016 and will continue through 2017 with an estimated completion of summer of 2018.

**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.

**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, 2016**

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 8,754,125
Restricted Cash	356,568
Taxes Receivable	38,030
Tax Sale Certificates	1,454,275
Property Acquired for Taxes	161,497
Assessments Receivable	11,310
Accounts Receivable	451,973
Loans Receivable	264,868
Due From Other Governments	1,911,842
Prepaid Expenditures	198,798
Capital Assets (Net of Accumulated Depreciation)	<u>43,172,443</u>
<b>Total Assets</b>	<u>56,775,729</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>6,170,685</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 62,946,414</u>
<b>Liabilities</b>	
Accounts Payable	\$ 125,104
Accrued Liabilities	92,938
Accrued Interest	12,020
Due To Other Governments	130,164
Unearned Grant Revenue	866,869
Net Pension Liability - Proportionate Share	4,994,627
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	1,063,837
Capital Lease Notes	53,785
Due in More Than One Year	
Bonds Payable	12,170,958
Compensated Absences Payable	1,118,280
OPEB	<u>16,801,073</u>
<b>Total Liabilities</b>	<u>37,429,655</u>
<b>Deferred Inflows of Resources</b>	
Pension	<u>908,949</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>38,338,604</u>
<b>Net Position</b>	
Net Investment in Capital Assets	29,883,863
Restricted	1,354,379
Unrestricted (Deficit)	<u>(6,630,432)</u>
Total Net Position	<u>24,607,810</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 62,946,414</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, 2016**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General Government Support	\$ 1,272,160	\$ 73,561	\$	\$	\$ (1,198,599)
Public Safety	7,585,279	47,198	27,870	152,858	(7,357,353)
Public Health	32,094				(32,094)
Transportation	2,399,630			451,329	(1,948,301)
Economic Assistance and Opportunity	1,500				(1,500)
Home and Community Services	8,732,632	5,547,883	188,797	2,201,645	(794,307)
Culture and Recreation	646,071	82,674			(563,397)
Debt Service - Interest	168,355				(168,355)
<b>Total Governmental Activities</b>	<u>\$ 20,837,721</u>	<u>\$ 5,751,316</u>	<u>\$ 216,667</u>	<u>\$ 2,805,832</u>	<u>(12,063,906)</u>

**General Revenues**

Real Property Taxes	3,991,781
Other Real Property Tax Items	217,945
Nonproperty Tax Items	4,671,891
Tribal Compact Moneys	202,152
General State Aid	1,830,585
Use of Money and Property	30,311
Sale and Compensation of Property	27,186
Licenses and Permits	152,657
Miscellaneous	43,990
<b>Total General Revenues</b>	<u>11,168,498</u>
Change in Net Position	<u>(895,408)</u>
Net Position, Beginning of Year	25,824,072
Prior Period Adjustment	<u>(320,854)</u>
Net Position, Beginning of Year (Restated)	<u>25,503,218</u>
Net Position, End of Year	<u>\$ 24,607,810</u>

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

**CITY OF ONEIDA, NEW YORK**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2016**

	Governmental						Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	Capital	
<b>Assets</b>							
Unrestricted Cash and Cash Equivalents	\$ 1,902,603	\$ 873,036	\$ 45,493	\$ 2,611,271	\$ 1,901,217	\$ 1,420,505	\$ 7,333,620
Restricted Cash				356,568			1,777,073
Taxes Receivable	38,030						38,030
Tax Sale Certificates	1,454,275						1,454,275
Property Acquired for Taxes	161,497						161,497
Assessments Receivable	11,310						11,310
Accounts Receivable	18,880			334,204	98,889		451,973
Loans Receivable		264,868					264,868
Due from Other Funds	1,000,453			54	35		1,000,542
Due from Other Governments	380,547	909,388		821	200,267	420,819	1,911,842
Prepaid Expenditures	344,342			161,443	33,177		538,962
<b>Total Current Assets</b>	<b>\$ 5,311,937</b>	<b>\$ 2,047,292</b>	<b>\$ 45,493</b>	<b>\$ 3,464,361</b>	<b>\$ 2,233,585</b>	<b>\$ 1,841,324</b>	<b>\$ 14,943,992</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 50,238	\$	\$ 5,863	\$ 17,473	\$ 69,003	\$	\$ 125,104
Accrued Liabilities	64,641				10,824		92,938
Due to Other Funds		1,000,000				542	1,000,542
Unearned Grant Revenue	63,491			16,851	66,673	850,018	866,869
Due to Other Governments				40,187	146,500	850,560	130,164
<b>Total Current Liabilities</b>	<b>178,370</b>	<b>1,000,000</b>		<b>40,187</b>	<b>146,500</b>	<b>850,560</b>	<b>2,215,617</b>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenue - Real Property Taxes	1,401,401						1,401,401
<b>Fund Balances</b>							
Non-spendable	505,839	167,679		161,443	33,177		868,138
Restricted				356,568		990,764	1,347,332
Assigned	172,417	879,613	45,493	2,906,163	2,053,908		6,057,594
Unassigned	3,053,910						3,053,910
<b>Fund Balances</b>	<b>3,732,166</b>	<b>1,047,292</b>	<b>45,493</b>	<b>3,424,174</b>	<b>2,087,085</b>	<b>990,764</b>	<b>11,326,974</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,311,937</b>	<b>\$ 2,047,292</b>	<b>\$ 45,493</b>	<b>\$ 3,464,361</b>	<b>\$ 2,233,585</b>	<b>\$ 1,841,324</b>	<b>\$ 14,943,992</b>

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, 2016**

**Governmental Fund Balance** \$ 11,326,974

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	100,361,044	
	Accumulated Depreciation	<u>(57,188,602)</u>	43,172,442

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

1,401,401

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	(340,164)	
	Deferred Outflows - Pensions	6,170,685	
	Net Pension Liability - Proportionate Share	(4,994,627)	
	Deferred Inflows - Pensions	<u>(908,949)</u>	(73,055)

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	(13,234,795)	
	Capital Lease Notes	(53,785)	
	Accrued Interest	(12,020)	
	Compensated Absences Payable	(1,118,279)	
	OPEB	<u>(16,801,073)</u>	(31,219,952)

**Net Position of Governmental Activities**

**\$ 24,607,810**

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2016

	Governmental						Total Governmental Funds
	General	Community Development	Miscellaneous Special Revenue	Water	Sewer	Capital	
<b>Revenues</b>							
Real Property Taxes	\$ 3,790,363	\$	\$ 35,540	\$	\$	\$	\$ 3,825,903
Other Real Property Tax Items	215,295						215,295
Nonproperty Tax Items	4,677,591						4,677,591
Departmental Income	176,128	104,652	9,327	3,232,978	2,210,253		5,733,338
Intergovernmental Charges	13,348						13,348
Tribal Compact Moneys	202,152						202,152
Use of Money and Property	15,643	3,896	160	8,141	5,121		32,961
Licenses and Permits	49,230				250		49,480
Fines and Forfeitures	103,177						103,177
Sale of Property and Compensation for Loss	24,800			2,386			27,186
Miscellaneous	24,154	3,924				584,107	44,004
State Aid	1,907,860					174,205	2,491,967
Federal Aid		2,185,841				758,312	2,360,046
<b>Total Revenues</b>	<u>11,199,741</u>	<u>2,298,313</u>	<u>45,027</u>	<u>3,243,505</u>	<u>2,231,550</u>	<u>758,312</u>	<u>19,776,448</u>
<b>Expenditures</b>							
General Government Support	1,102,312						1,102,312
Public Safety	3,942,832					1,125,436	5,068,268
Public Health	20,587						20,587
Transportation	1,058,333					710,541	1,768,874
Economic Assistance and Opportunity	1,500					1,500	1,500
Home and Community Services	396,183	1,994,340	9,105	1,735,323	1,297,842	368,633	5,801,426
Culture and Recreation	352,154					241,373	593,527
Employee Benefits	3,981,447			531,193	360,460		4,873,100
Debt Service - Principal	425,377			370,000	306,298		1,101,675
Debt Service - Interest	95,727			70,309	644		166,680
<b>Total Expenditures</b>	<u>11,376,452</u>	<u>1,994,340</u>	<u>9,105</u>	<u>2,706,825</u>	<u>1,965,244</u>	<u>2,445,983</u>	<u>20,497,949</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>(176,711)</u>	<u>303,973</u>	<u>35,922</u>	<u>536,680</u>	<u>266,306</u>	<u>(1,687,671)</u>	<u>(721,501)</u>
<b>Other Financing Sources (Uses)</b>							
Interfund Transfers From	192,616	54,240		247,581	198,265	1,075,283	1,767,985
Interfund Transfers To	(8,874)	(68,693)	(33,642)	(176,380)	(1,119,819)	(360,577)	(1,767,985)
Proceeds of Long-Term Debt						1,534,703	1,534,703
Bond Anticipation Notes Redeemed from Appropriations						145,000	145,000
<b>Total Other Financing Sources (Uses)</b>	<u>183,742</u>	<u>(14,453)</u>	<u>(33,642)</u>	<u>71,201</u>	<u>(921,554)</u>	<u>2,394,409</u>	<u>1,679,703</u>
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources</b>	<u>7,031</u>	<u>289,520</u>	<u>2,280</u>	<u>607,881</u>	<u>(655,248)</u>	<u>706,738</u>	<u>958,202</u>
<b>Fund Balances, Beginning of Year</b>	<u>3,725,135</u>	<u>757,772</u>	<u>43,213</u>	<u>2,816,293</u>	<u>2,742,333</u>	<u>284,026</u>	<u>10,368,772</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,732,166</u>	<u>\$ 1,047,292</u>	<u>\$ 45,493</u>	<u>\$ 3,424,174</u>	<u>\$ 2,087,085</u>	<u>\$ 990,764</u>	<u>\$ 11,326,974</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, 2016**

**Net Changes in Fund Balance - Total Governmental Funds** \$ 958,202

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	2,274,773	
Loss on Disposition	(3,021)	
Depreciation	<u>(2,653,702)</u>	(381,950)

Revenue in the statement of activities that do not provide current financial resources are not reported in the funds. 165,865

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	(1,534,708)	
Principal Payments on Long Term Debt	904,139	
Principal Payments on Capital Leases	<u>52,541</u>	(578,028)

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. (506,646)

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	(346,650)	
Accrued Interest	(1,675)	
Compensated Absences	<u>(204,526)</u>	<u>(552,851)</u>

**Change in Net Position Governmental Activities** **\$ (895,408)**

**CITY OF ONEIDA, NEW YORK**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2016**

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	<u>Agency</u>
<b>Assets</b>	
Unrestricted Cash	\$ 8,526
Other Assets	<u>3,496</u>
Total Assets	<u>\$ 12,022</u>
<b>Liabilities and Net Position</b>	
<b>Liabilities</b>	
Agency Liabilities	<u>\$ 12,022</u>
Total Liabilities	<u>\$ 12,022</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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

***Background***

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

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

***Financial Reporting Entity***

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

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

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

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

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

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

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

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

Industrial Development Agency – The Industrial Development Agency (Agency) is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities, and prosperity of the City's inhabitants. 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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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 2016 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, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 2016 levy was based, was \$468,229,773. 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, 2016, the City had exhausted 32.04% 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 2016 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, 2016. 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, 2016, includes \$4,457,691 of sales tax.

***Cash and Cash Equivalents***

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

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the City's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Capital assets purchased or acquired with an original cost of \$5,000 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.

***Unearned Revenues/Grants***

The City follows the policy that if an expenditure of funds is the prime factor for determining the release of grant funds, revenues are recognized at the time of the expenditure. If release of grant funds is not contingent upon expenditure of funds, revenues are recorded when received or when the grant becomes an obligation of the grantor.

***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.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***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.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**(b) *Fund Statements***

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

***Non-spendable***

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

***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, 2016.

- ***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 has adopted a fund balance policy 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, 2016**

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**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.

**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:

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

	General	Community Development	Miscellaneous Special Revenue	Water	Sewer
<b>Change from Adopted Budget to Revised Budget</b>					
Adopted Budget	\$ 12,051,615	\$ 18,812	\$ 44,998	\$ 3,369,671	\$ 2,827,753
Add: Prior Year's Encumbrances	<u>32,232</u>	<u>          </u>	<u>          </u>	<u>13,054</u>	<u>5,019</u>
Original and Adopted Budget	<u>12,083,847</u>	<u>18,812</u>	<u>44,998</u>	<u>3,382,725</u>	<u>2,832,772</u>
Amendments:					
Departmental Income	555				
Use of Money and Property		102,997			
Sale of Property and Compensation for Loss	7,047				
Miscellaneous	21,951			(31)	(969)
Interfund Transfers To					804,719
Federal Aid		<u>2,711,677</u>			
Total Amendments	<u>29,553</u>	<u>2,814,674</u>	<u>          </u>	<u>(31)</u>	<u>803,750</u>
Final Budget	<u>\$ 12,113,400</u>	<u>\$ 2,833,486</u>	<u>\$ 44,998</u>	<u>\$ 3,382,694</u>	<u>\$ 3,636,522</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, 2016, the City's bank balances of \$9,851,617 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:

	Revolving Loan		
	Principal	Interest	Total
2017	\$ 66,420	\$ 18,921	\$ 85,341
2018	40,336	17,161	57,497
2019	39,626	16,888	56,514
2020	37,190	16,532	53,722
2021	27,899	187	28,086
2022	<u>119</u>	<u>2</u>	<u>121</u>
	<u>\$ 211,590</u>	<u>\$ 69,691</u>	<u>\$ 281,281</u>

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

***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:

	Façade Loans		
	Principal	Interest	Total
2017	30,769	255	31,024
2018	5,543	200	5,743
2019	5,599	144	5,743
2020	5,655	88	5,743
2021	5,712	31	5,743
	\$ 53,278	\$ 718	\$ 53,996

***Capital Assets***

Capital asset activity for the governmental activities for the year ended December 31, 2016, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance As Restated	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 2,717,902	\$	\$ 2,717,902	\$ 279,900	\$	\$ 2,997,802
Construction in Progress	961,921		961,921	176,888	331,571	807,238
Total	3,679,823		3,679,823	456,788	331,571	3,805,040
<b>Capital Assets Being Depreciated</b>						
Buildings	44,174,856		44,174,856	17,373		44,192,229
Infrastructure	39,408,685		39,408,685	228,003	6,344	39,630,344
Improvements	3,960,691		3,960,691			3,960,691
Equipment	7,409,139		7,409,139	1,904,180	540,579	8,772,740
Total	94,953,371		94,953,371	2,149,556	546,923	96,556,004
<b>Accumulated Depreciation</b>						
Buildings	20,416,512	311,546	20,728,058	1,267,391		21,995,449
Infrastructure	27,122,061		27,122,061	772,877	4,679	27,890,259
Improvements	1,394,705		1,394,705	168,582		1,563,287
Equipment	5,824,670	9,308	5,833,978	444,852	539,223	5,739,607
Total	54,757,948	320,854	55,078,802	2,653,702	543,902	57,188,602
<b>Net Capital Assets Being Depreciated</b>	<b>40,195,423</b>	<b>(320,854)</b>	<b>39,874,569</b>	<b>(504,146)</b>	<b>3,021</b>	<b>39,367,402</b>
<b>Net Capital Assets</b>	<b>\$ 43,875,246</b>	<b>\$ (320,854)</b>	<b>\$ 43,554,392</b>	<b>\$ (47,358)</b>	<b>\$ 334,592</b>	<b>\$ 43,172,442</b>

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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

<b>Governmental Activities</b>	
General Governmental Support	\$ 7,681
Public Safety	232,958
Transportation	647,980
Home and Community Services	1,706,698
Culture and Recreation	<u>58,385</u>
Total Depreciation Expense	<u>\$ 2,653,702</u>

***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.

Changes in the City's short-term outstanding debt for the year ended December 31, 2016, are as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Ending Balance</u>
<b>Governmental Activities</b>				
Fish Creek Crossing	\$ 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	<u>231,404</u>		<u>(231,404)</u>	
Total Governmental Activities	<u>\$ 3,525,109</u>	<u>\$</u>	<u>\$ (3,525,109)</u>	<u>\$</u>

The City borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and Government-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

Long-term liability balances and activity are as follows:

<u>Description</u>	<u>Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance</u>	<u>One Year</u>
<b>Governmental Activities</b>					
Serial Bonds Payable	\$ 12,604,226	\$ 1,534,708	\$ (904,139)	\$ 13,234,795	\$ 1,063,837
Capital Lease Notes	\$ 106,326		(52,541)	53,785	53,785
OPEB Liability	16,454,424	1,411,098	(1,064,448)	16,801,074	
Compensated Absences	<u>913,753</u>	<u>204,526</u>		<u>1,118,279</u>	
Total Governmental	<u>\$ 30,078,729</u>	<u>\$ 3,150,332</u>	<u>\$ (2,021,128)</u>	<u>\$ 31,207,933</u>	<u>\$ 1,117,622</u>

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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

Fiscal Year Ended December 31,	Principal	Interest	Total
2017	\$ 1,063,837	\$ 196,311	\$ 1,260,148
2018	1,064,134	165,949	1,230,083
2019	1,074,134	137,234	1,211,368
2020	824,134	115,663	939,797
2021	814,134	101,588	915,722
2022-2026	3,510,670	306,038	3,816,708
2027-2031	2,570,670	75,513	2,646,183
2032-2036	1,445,670		1,445,670
2037-2039	<u>867,412</u>		<u>867,412</u>
Total	<u>\$ 13,234,795</u>	<u>\$ 1,098,296</u>	<u>\$ 14,333,091</u>

Details relating to general obligation (serial) bonds of the City outstanding at December 31, 2016, 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>
<b>General Fund</b>				
2016	Nov-2016	Nov-2031	2.00-4.00	\$ 1,534,703
2011	Feb-2011	Dec-2023	2.00	1,570,000
2015	Dec-2015	Dec-2029	2.00-3.00	<u>600,000</u>
				<u>3,704,703</u>
<b>Water Fund</b>				
2000	Mar-2000	Dec-2019	5.17	795,000
2015	Dec-2015	Dec-2029	2.00-3.00	<u>2,085,000</u>
				<u>2,880,000</u>
<b>Sewer Fund</b>				
2009	Jul-2009	Apr-2039	0 *	<u>6,650,092</u>
				<u>6,650,092</u>
		Total		<u>\$ 13,234,795</u>

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

Total interest for the year was as follows:

Interest Paid	\$ 166,680
Less: Interest Accrued in the Prior Year	(10,345)
Plus: Interest Accrued in the Current Year	<u>12,020</u>
Total Interest Expense on Long-Term Debt	<u>\$ 168,355</u>

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

***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, 2016, the total outstanding indebtedness of the City aggregated to \$13,288,581. Of this amount, \$2,880,000 was subject to the constitutional debt limit and represented approximately 8.6% of its statutory debt limit.

***Pension Plans***

***(a) Plan Description***

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

***(b) Funding Policy***

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

The City's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The contribution for the March 31, 2016 billings was made in January 2016. The City prepaid 25% of this billing at December 31, 2016.

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

	ERS	PFRS	Total
2015	\$ 714,654	\$ 880,475	\$ 1,595,129
2016	\$ 544,656	\$ 752,885	\$ 1,297,541
2017	\$ 557,773	\$ 802,885	\$ 1,360,658

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

At December 31, 2016, the City reported a liability of \$4,994,627 (ERS \$1,794,936 and PFRS \$3,199,691) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, 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, 2016 and 2015, the City's proportion was 0.0111832 and 0.0122973 percent for ERS respectively and 0.108069 and 0.108618 percent for PFRS respectively.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

For the year ended December 31, 2016, the City recognized pension expense of \$1,883,083 (ERS \$701,098 and PFRS \$1,181,985). At December 31, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences Between Expected and Actual Experience	\$ 9,070	\$ 28,698	\$ 37,768
Change of Assumptions	478,655	1,379,376	1,858,031
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	1,064,855	1,793,168	2,858,023
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	56,205		56,205
Contributions Subsequent to the Measurement Date	<u>557,773</u>	<u>802,885</u>	<u>1,360,658</u>
Total	<u>\$ 2,166,558</u>	<u>\$ 4,004,127</u>	<u>\$ 6,170,685</u>
<u>Deferred Inflows of Resources</u>			
Differences Between Expected and Actual Experience	\$ 212,760	\$ 483,755	\$ 696,515
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	<u>23,916</u>	<u>188,518</u>	<u>212,434</u>
Total	<u>\$ 236,676</u>	<u>\$ 672,273</u>	<u>\$ 908,949</u>

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

<u>Year Ended June 30,</u>	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2017	\$ 351,449	\$ 598,970	\$ 950,419
2018	\$ 351,449	\$ 598,970	\$ 950,419
2019	\$ 351,449	\$ 598,970	\$ 950,419
2020	\$ 317,762	\$ 574,003	\$ 891,765
2021	\$	\$ 158,057	\$ 158,057

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Investment Rate of Return	
(Net of Investment Expense,	
including Inflation)	7.50%
Salary Scale	4.90%
Decrement Tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation Rate	2.70%

Annuitant mortality rates are based on April 1, 2011 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

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

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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, 2016 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.00%	7.30%
International Equity	13.00%	8.55%
Private Equity	10.00%	11.00%
Real Estate	8.00%	8.25%
Absolute Return Strategies	3.00%	6.75%
Opportunistic Portfolio	3.00%	8.60%
Real Assets	3.00%	8.65%
Bonds and Mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed Bonds	2.00%	4.00%

**(e) *Discount Rate***

The discount rate used to calculate the total pension asset/liability was 7.0%. 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate Share of the Net Pension Liability			
ERS	\$4,047,451	\$1,794,936	\$ (108,342)
PFRS	\$7,146,846	\$3,199,691	\$ (108,881)

**(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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

***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, 2016, 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	\$ 516,437
Amortization of UAL	1,421,222
ARC	1,937,659
Interest on OPEB Obligation	658,177
Adjustment to ARC	(1,184,738)
OPEB Expense	\$ 1,411,098

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

	Total
Net OPEB Obligation at the Beginning of the Year	\$ 16,454,424
Annual Required Contribution	1,411,098
Net OPEB Contributions Made During the Fiscal Year	(1,064,448)
Net OPEB Obligation at the End of the Year	\$ 16,801,074
Percentage of Expense Contributed	75%

***(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, 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
December 31, 2016	\$ 1,411,098	\$ 1,064,448	75.4%	\$ 16,801,074

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**(f) Funding Status**

	Total
Actuarial Accrued Liability	\$ 24,989,538
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 24,989,538
Funded Ratio	0%
Annual Covered Payroll	\$ 6,907,811
UAAL as a Percentage of Covered Payroll	362%

**(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, 2015.

**(h) Health Care Trend Factors**

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

Year	Trend
2017	7.5%
2018	7.0%
2019 and Later	6.5% to 5.0%

**(i) Additional Information**

Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Projected Unit Credit
Amortization Period	30
Amortization Period Remaining of 30 Years	21
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, 2016**

**4. DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

***Interfund Receivables and Payables***

Interfund receivables and payables at December 31, 2016, 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	\$ 1,000,453	\$	\$ 192,616	\$ 8,875
Community Development		1,000,000	54,240	68,692
Water	54		247,581	176,380
Sewer	35		198,265	1,119,819
Hydrant				33,642
Capital		<u>542</u>	<u>1,075,283</u>	<u>360,577</u>
Total	<u>\$ 1,000,542</u>	<u>\$ 1,000,542</u>	<u>\$ 1,767,985</u>	<u>\$ 1,767,985</u>

The interfund receivables and payables will be repaid in 2017 and are considered current. The balances are mainly due to the FEMA buyback program for the flood mitigation plan.

The interfund revenues in the various funds represents budgeted transfers from the General Fund to finance various ongoing 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, 2016, the City had construction commitments outstanding of approximately \$714,228, 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, 2016**

**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, 2016:

	<u>General</u>	<u>Community Development</u>	<u>Miscellaneous Special Revenue</u>	<u>Water</u>	<u>Sewer</u>	<u>Capital</u>	<u>Total</u>
<b>Non-spendable</b>	\$ 505,839	\$ 167,679	\$	\$ 161,443	\$ 33,177	\$	\$ 868,138
<b>Restricted</b>							
Capital Reserve				356,568		990,764	1,347,332
<b>Total Restricted</b>				<u>356,568</u>		<u>990,764</u>	<u>1,347,332</u>
<b>Assigned</b>							
Governmental Support	43,284						43,284
Public Safety	50,774						50,774
Transportation	64,259						64,259
Culture and Recreation	14,100						14,100
Home and Community Services		879,613	45,493	2,906,163	2,053,908		5,885,177
<b>Total Assigned</b>	<u>172,417</u>	<u>879,613</u>	<u>45,493</u>	<u>2,906,163</u>	<u>2,053,908</u>		<u>6,057,594</u>
<b>Unassigned</b>	<u>3,053,910</u>						<u>3,053,910</u>
<b>Total Fund Balances</b>	<u>\$ 3,732,166</u>	<u>\$ 1,047,292</u>	<u>\$ 45,493</u>	<u>\$ 3,424,174</u>	<u>\$ 2,087,085</u>	<u>\$ 990,764</u>	<u>\$11,326,974</u>

**8. PRIOR PERIOD ADJUSTMENTS**

***Government Wide***

There was a government wide prior period adjustment for \$320,854. This adjustment related to the City's fixed asset and depreciation allocation amount. The amount was not included in the depreciation in the prior year.

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULES OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT BENEFITS**  
**For the Year Ended December 31, 2016**

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Value of Assets	Actuarial		Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
			Liability-Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)			
		(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
January 01, 2015	December 31, 2014	\$	\$ 35,106,168	\$ 35,106,168	0%	\$ 6,042,984	581%
January 01, 2015	December 31, 2015	\$	\$ 24,575,806	\$ 24,575,806	0%	\$ 6,828,572	360%
January 01, 2015	December 31, 2016	\$	\$ 24,989,538	\$ 24,989,538	0%	\$ 6,907,811	362%

See Independent Auditor's Report

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS**  
**For the Year Ended December 31, 2016**

	<b>ERS Pension Plan</b>									
	<b>Last 10 Fiscal Years</b>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 557,773	\$ 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	557,773	544,656	714,654	616,672	649,364	583,429	540,935	273,274	264,761	370,668
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City's Covered- ERS Employee Payroll	\$ 3,355,870	\$ 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	16.62%	17.83%	22.04%	20.33%	19.88%	16.91%	16.30%	8.00%	8.31%	11.86%
	<b>PFRS Pension Plan</b>									
	<b>Last 10 Fiscal Years</b>									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 802,885	\$ 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	802,885	752,885	880,475	865,459	741,137	722,260	532,907	456,829	444,858	446,127
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City's Covered- PFRS Employee Payroll	\$ 3,351,258	\$ 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	23.96%	23.30%	26.92%	27.48%	23.48%	21.89%	17.23%	15.75%	14.81%	15.45%

CITY OF ONEIDA, NEW YORK

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
For the Year Ended December 31, 2016

NYS Employees Retirement System Pension Plan

	2016	2015	2014
City's proportion of the net pension liability	0.0111832%	0.0122973%	0.0122973%
City's proportionate share of the net pension liability	\$ 1,794,936	\$ 415,434	\$ 555,699
City's covered-employee payroll	\$ 3,054,725	\$ 3,243,110	\$ 3,032,926
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.76%	12.81%	18.32%
Plan fiduciary net position as a percentage of total pension liability	90.70%	97.90%	97.20%

NYS Police and Fire Retirement System Pension Plan

	2016	2015	2014
City's proportion of the net pension liability	0.108069%	0.108618%	0.108618%
City's proportionate share of the net pension liability	\$ 3,199,691	\$ 299,157	\$ 452,453
City's covered-employee payroll	\$ 3,230,831	\$ 3,270,342	\$ 3,149,340
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	99.04%	9.15%	14.37%
Plan fiduciary net position as a percentage of total pension liability	90.20%	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, 2016**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Real Property Taxes	\$ 3,958,343	\$ 3,958,343	\$ 3,790,363	\$ (167,980)
Other Real Property Tax Items	212,414	212,414	215,295	2,881
Nonproperty Tax Items	4,695,000	4,695,000	4,677,591	(17,409)
Departmental Income	188,785	188,785	176,128	(12,657)
Intergovernmental Charges	16,150	16,150	13,348	(2,802)
Tribal Compact Moneys	173,000	173,000	202,152	29,152
Use of Money and Property	22,800	22,800	15,643	(7,157)
Licenses and Permits	84,540	84,540	49,230	(35,310)
Fines and Forfeitures	111,000	111,000	103,177	(7,823)
Sale of Property and Compensation for Loss	37,048	37,795	24,800	(12,995)
Miscellaneous	14,000	14,761	24,154	9,393
State Aid	<u>1,903,352</u>	<u>1,928,352</u>	<u>1,907,860</u>	<u>(20,492)</u>
Total Revenues	<u>11,416,432</u>	<u>11,442,940</u>	<u>11,199,741</u>	<u>(243,199)</u>
<b>Expenditures</b>				
General Government Support	1,233,865	1,259,086	1,102,312	156,774
Public Safety	4,115,308	4,089,477	3,942,832	146,645
Public Health	47,748	23,348	20,587	2,761
Transportation	1,228,854	1,291,353	1,058,333	233,020
Economic Assistance and Opportunity		1,500	1,500	
Culture and Recreation	416,075	418,575	352,154	66,421
Home and Community Services	414,148	415,493	396,183	19,310
Employee Benefits	4,063,339	4,065,839	3,981,447	84,392
Debt Service - Principal	427,050	434,097	425,377	8,720
Debt Service - Interest	<u>97,418</u>	<u>97,948</u>	<u>95,727</u>	<u>2,221</u>
Total Expenditures	<u>12,043,805</u>	<u>12,096,716</u>	<u>11,376,452</u>	<u>720,264</u>
Deficit Revenues Over Expenditures	<u>(627,373)</u>	<u>(653,776)</u>	<u>(176,711)</u>	<u>477,065</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From	178,533	178,533	192,616	14,083
Interfund Transfers To	(7,810)	(16,684)	(8,874)	7,810
Appropriated Fund Balance	<u>456,650</u>	<u>491,927</u>	<u></u>	<u>(491,927)</u>
Total Other Financing Sources (Uses)	<u>627,373</u>	<u>653,776</u>	<u>183,742</u>	<u>(470,034)</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 7,031</u>	<u>\$ 7,031</u>

See Independent Auditor's Report

**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, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Departmental Income	\$	\$ 102,997	\$ 104,652	\$ 1,655
Use of Money and Property	4,397	4,397	3,896	(501)
Miscellaneous			3,924	3,924
Federal Aid		<u>1,692,497</u>	<u>2,185,841</u>	<u>493,344</u>
Total Revenues	<u>4,397</u>	<u>1,799,891</u>	<u>2,298,313</u>	<u>498,422</u>
<b>Expenditures</b>				
Home and Community Services	<u>6,812</u>	<u>2,807,034</u>	<u>1,994,340</u>	<u>812,694</u>
Total Expenditures	<u>6,812</u>	<u>2,807,034</u>	<u>1,994,340</u>	<u>812,694</u>
Excess (Deficit) Revenues Over Expenditures	<u>(2,415)</u>	<u>(1,007,143)</u>	<u>303,973</u>	<u>1,311,116</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From	12,000	66,240	54,240	(12,000)
Interfund Transfers To	(12,000)	(26,452)	(68,693)	(42,241)
Appropriated Fund Balance	<u>2,415</u>	<u>967,355</u>		<u>(967,355)</u>
Total Other Financing Sources (Uses)	<u>2,415</u>	<u>1,007,143</u>	<u>(14,453)</u>	<u>(1,021,596)</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 289,520</u>	<u>\$ 289,520</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, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Real Property Taxes	\$ 35,540	\$ 35,540	\$ 35,540	\$
Departmental Income	9,208	9,208	9,327	119
Use of Money and Property	<u>250</u>	<u>250</u>	<u>160</u>	<u>(90)</u>
Total Revenues	<u>44,998</u>	<u>44,998</u>	<u>45,027</u>	<u>29</u>
<b>Expenditures</b>				
Home and Community Services	<u>10,998</u>	<u>10,998</u>	<u>9,105</u>	<u>1,893</u>
Total Expenditures	<u>10,998</u>	<u>10,998</u>	<u>9,105</u>	<u>1,893</u>
Excess Revenues Over Expenditures	<u>34,000</u>	<u>34,000</u>	<u>35,922</u>	<u>1,922</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers To	<u>(34,000)</u>	<u>(34,000)</u>	<u>(33,642)</u>	<u>358</u>
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>(34,000)</u>	<u>(33,642)</u>	<u>358</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 2,280</u>	<u>\$ 2,280</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, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenues</b>				
Departmental Income	\$ 3,207,429	\$ 3,207,429	\$ 3,232,978	\$ 25,549
Use of Money and Property	4,500	4,500	8,141	3,641
Sale of Property and Compensation for Loss	10,000	10,000	2,386	(7,614)
Miscellaneous	4,144	4,144		(4,144)
Total Revenues	<u>3,226,073</u>	<u>3,226,073</u>	<u>3,243,505</u>	<u>17,432</u>
<b>Expenditures</b>				
Home and Community Services	2,060,444	2,096,659	1,735,323	361,336
Employee Benefits	573,191	573,191	531,193	41,998
Debt Service - Principal	370,000	370,000	370,000	
Debt Service - Interest	94,656	71,464	70,309	1,155
Total Expenditures	<u>3,098,291</u>	<u>3,111,314</u>	<u>2,706,825</u>	<u>404,489</u>
Excess Revenues Over Expenditures	<u>127,782</u>	<u>114,759</u>	<u>536,680</u>	<u>421,921</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From	99,557	99,557	247,581	148,024
Interfund Transfers To	(271,380)	(271,380)	(176,380)	95,000
Appropriated Fund Balance	44,041	57,064		(57,064)
Total Other Financing Sources (Uses)	<u>(127,782)</u>	<u>(114,759)</u>	<u>71,201</u>	<u>185,960</u>
Excess Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ 607,881</u>	<u>\$ 607,881</u>

See Independent Auditor's Report

**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, 2016**

	Original Budget	Amended Budget	Current Year's Actual	Variance with Amended Budget
<b>Revenues</b>				
Departmental Income	\$ 2,309,170	\$ 2,309,170	\$ 2,210,253	\$ (98,917)
Use of Money and Property	8,300	8,300	5,121	(3,179)
Licenses and Permits	400	400	250	(150)
Sale of Property and Compensation for Loss	5,500	5,500		(5,500)
Miscellaneous	<u>28,400</u>	<u>28,400</u>	<u>15,926</u>	<u>(12,474)</u>
Total Revenues	<u>2,351,770</u>	<u>2,351,770</u>	<u>2,231,550</u>	<u>(120,220)</u>
<b>Expenditures</b>				
Home and Community Services	1,422,049	1,469,509	1,297,842	171,667
Employee Benefits	409,224	409,124	360,460	48,664
Debt Service - Principal	306,298	306,298	306,298	
Debt Service - Interest	<u>644</u>	<u>644</u>	<u>644</u>	
Total Expenditures	<u>2,138,215</u>	<u>2,185,575</u>	<u>1,965,244</u>	<u>220,331</u>
Excess Revenues Over Expenditures	<u>213,555</u>	<u>166,195</u>	<u>266,306</u>	<u>100,111</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers From			198,265	198,265
Interfund Transfers To	(689,538)	(1,450,947)	(1,119,819)	331,128
Appropriated Fund Balance	<u>475,983</u>	<u>1,284,752</u>		<u>(1,284,752)</u>
Total Other Financing Sources (Uses)	<u>(213,555)</u>	<u>(166,195)</u>	<u>(921,554)</u>	<u>(755,359)</u>
Deficit Revenues Over Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$ (655,248)</u>	<u>\$ (655,248)</u>

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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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

To the 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 City of Oneida, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Oneida, New York's basic financial statements, and have issued our report thereon dated June 22, 2017.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Significant deficiencies noted are represented in the state of findings and questioned costs, 2015-001, 2015-002, 2015-003, 2012-002, and 2012-003.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

June 22, 2017

Rome, New York

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Common Council  
City of Oneida, New York

### **Report on Compliance for Each Major Federal Program**

We have audited City of Oneida, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Oneida, New York's major federal programs for the year ended December 31, 2016. City of Oneida, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Oneida, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Oneida, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Oneida, New York's compliance.

### ***Opinion***

In our opinion, the City of Oneida, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2016.

### **Report on Internal Control Over Compliance**

Management of City of Oneida, New York, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Oneida, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Oneida, New York's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*D'Arcangelo + Co., LLP*

June 22, 2017

Rome, New York

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Current Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Pass through the New York State Homes & Community Renewal (NYS HCR) 844HR14-13		
Community Development Block Grant – Economic Development Program	14.228	\$ 188,797
Community Development Block Grant – Home Investment Partnership Program (HOME)	14.239	<u>23,205</u>
Total U.S. Department of Housing and Urban Development		<u>212,002</u>
<u>U.S. Department of Homeland Security</u>		
Pass through the New York State Division of Homeland Security (HMGP) HMGP 4031-0035		
Hazard Mitigation Grant	97.039	<u>1,706,229</u>
<u>Total Federal Financial Assistance</u>		<u>\$ 1,918,231</u>

See Independent Auditor's Report and Notes to the Schedule of Expenditure of Federal Awards.

**CITY OF ONEIDA, NEW YORK**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Oneida, New York, an entity defined in Note I to The City's financial statements under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City of Oneida, New York, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Oneida, New York.

***Basis of Accounting***

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* and the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the financial records detail, which is the source of the financial statements.

***Cluster Programs***

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Housing and Urban Development

**CDBG – Entitlement Grants Cluster**

CFDA# 14.228	Community Development Block Grant – Economic Development Program
CFDA# 14.239	Community Development Block Grant –Home Investment Partnership Program

**2. Loans Receivable - Community Development Block Grant – Entitlement Grant (CFDA No. 14.218)**

The City of Oneida provides loans to small businesses to develop innovative products and services, and create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$75,000 to \$1,215. The loans are to be repaid in monthly installments over 5 to 28 years at an interest rate of 1.75% to 4.75%. The interest received is considered to be program income and is used to pay administrative costs associated with the program as well as for subsequent loans. At December 31, 2016 revolving loan portfolio has cash holdings of \$436,438, current year expenditures of \$75,159 and outstanding principal balance of those loans were \$264,825.

**3. De Minimis Indirect Cost Rate**

The City of Oneida, New York has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS UNIFORM GUIDANCE**  
**For the Year Ended December 31, 2016**

***Summary of Auditor's Results***

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies over internal controls reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR section 200.516 (a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Homeland Security</u> Hazard Mitigation Grant (CFDA# 97.039)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

(Continued)

**CITY OF ONEIDA, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2016**

**(Continued)**

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**I. FINDINGS—FINANCIAL STATEMENT AUDIT**

See Status of Prior Years Findings and Recommendations.

**II. FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

None Noted.

**CITY OF ONEIDA, NEW YORK**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2016**

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**Prior Year Material Weaknesses**

*None noted.*

**II. Prior Year 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.

<p><b>Status:</b> We noted in the current year that departments were informed of their purchasing duties, and that all purchases tested had appropriate purchase orders completed. We did not notice any purchases made in the current year not adhering to the policy.</p>
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**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.

<p><b>Status:</b> The above finding was corrected with the completed contract negotiations.</p>
---

**CITY OF ONEIDA, NEW YORK**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2016**

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**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.

<b>Status:</b> The above findings were noted again in the current year.
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**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.

<b>Status:</b> 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.
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**CITY OF ONEIDA, NEW YORK**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2016**

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**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.

<b>Status:</b> The above findings were noted again in current year.
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**CITY OF ONEIDA, NEW YORK  
MANAGEMENT'S RESPONSE TO FINDINGS  
For the Year Ended December 31, 2016**

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**I. Significant Deficiencies**

**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.