

**PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE**

**TAX ANTICIPATION NOTES**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.*

*The Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b) (3) of the Code.*

**\$1,600,000**



**CITY OF OGDENSBURG  
ST. LAWRENCE COUNTY, NEW YORK**

**GENERAL OBLIGATIONS  
CUSIP BASE #: 676482**

**\$1,600,000 Tax Anticipation Notes, 2018**

(referred to herein as the "Notes")

**Dated: July 31, 2018**

**Due: July 31, 2019**

The Notes are general obligations of the City of Ogdensburg, St. Lawrence County, New York (the "City") all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes may be issued in registered certificated form, in the denominations of \$5,000 each or multiples thereof, without the option of prior redemption. If issued in registered certificated form, principal and interest will be payable at maturity in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

At the option of the purchaser(s), the Notes will be issued as book-entry registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. If so issued, Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or at such place as may be agreed upon with the purchaser(s) on or about July 31, 2018.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on July 17, 2018 until 10:45 A.M., Eastern Time, pursuant to the Notices of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notices of Sale.**

July 3, 2018

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS WITH REGARD TO THE NOTES AS DEFINED IN THE RULE. SEE "APPENDIX - D, MATERIAL EVENT NOTICES" HEREIN.

No dealer, broker, salesman or other person has been authorized by the City of Ogdensburg to give any information or to make any representations other than those contained in this Official Statement; and if given or made, such other information or representations must not be relied upon as having been authorized by the City of Ogdensburg. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City of Ogdensburg from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Ogdensburg since the date thereof.

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PREPARED WITH THE ASSISTANCE OF



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# **CITY OF OGDENSBURG**

## **ST. LAWRENCE COUNTY, NEW YORK**



### **CITY OFFICIALS**

WAYNE L. ASHLEY  
Mayor

### **CITY COUNCIL**

TIMOTHY P. DAVIS  
DAVID G. PRICE  
SHAWN R. SHAVER



DANIEL E. SKAMPERLE  
NICHOLE KENNEDY  
JENNIFER STEVENSON

\* \* \* \* \*

SARAH PURDY  
City Manager

TIMOTHY J. JOHNSON  
City Comptroller

KATHLEEN A. BOUCHARD  
City Clerk

SILVER & COLLINS LAW FIRM  
Corporation Counsel



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

**OFFICIAL STATEMENT**  
of the  
**CITY OF OGDENSBURG**  
**ST. LAWRENCE COUNTY, NEW YORK**  
Relating to  
**\$1,600,000 Tax Anticipation Notes, 2018**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Ogdensburg, St. Lawrence County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of \$1,600,000 Tax Anticipation Notes, 2018 (referred to herein as the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

## **THE NOTES**

### **Description of the Notes**

The Notes are general obligations of the City, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated July 31, 2018 and mature on July 31, 2019. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) requested in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are being issued pursuant to resolutions that were adopted by the City Council on May 29, 2018 in accordance with the Constitution and statutes of the State of New York, including among others the City Charter and the Local Finance Law, to authorize the issuance of and to sell not exceeding \$2,000,000 tax anticipation notes in anticipation of the collection of taxes levied or to be levied for the fiscal year of said City which commenced January 1, 2018.

Section 24.00 of the Local Finance Law authorizes the City to issue tax anticipation notes during and up to ten days prior to the commencement of a fiscal year in anticipation of the collection of taxes levied or to be levied for such fiscal year and during any fiscal year in anticipation of the collection of taxes levied for any of the four preceding fiscal years. Such tax anticipation notes may not be issued in an amount in excess of the amount of taxes levied or to be levied which is uncollected at the time of the issuance of the tax anticipation notes, less the amount of previously issued tax anticipation notes issued in anticipation of such taxes. The proceeds of the tax anticipation notes may be used only for purposes for which the taxes in anticipation of which the tax anticipation notes are to be issued were levied or are to be levied.

Whenever the principal amount of the tax anticipation notes equals the amount of taxes remaining uncollected for the fiscal year for which the taxes were or are to be levied, all such uncollected taxes, as thereafter collected, must be set aside in a special bank account to be used only for the payment of the tax anticipation notes, unless other provision is made by budgetary appropriation for the redemption of the tax anticipation notes.

The Notes are being issued to provide moneys to meet a cash flow deficit expected to occur during the period the Notes are outstanding (See "ESTIMATED MONTHLY CASH FLOW" attached hereto as APPENDIX - C). Such cash flow deficit will result from the fact that the dates anticipated for the collection of taxes do not conform to the expected cash needs of the City's operating budget that are expected to occur during the period the Notes are outstanding.

## **Nature of the Obligation**

Each Note when duly issued and paid for will constitute a contract between the City and the holder thereof.

Holders of any series of notes or bonds of the City may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LAW LIMITATION," herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d

644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

#### **Certificated Notes**

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered form registered in the name of the Purchaser in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

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## THE CITY

### General Information

The City of Ogdensburg (the “City”) is located in northern New York State on the U.S./Canada border. The City is located in rural St. Lawrence County and encompasses 8.18 square miles of land.

Major U.S. highways to the City include NYS Routes 37 and 12, which connect the City with U.S. Interstate 81. These routes connect to Watertown (1 hour), Syracuse (2 hours) and Albany (4 hours). Ogdensburg is also two miles from Highway 401 and Highway 416 in Canada, which connect to the major Canadian metropolitan areas of Ottawa (1 hour), Montreal (2 hours) and Toronto (3 hours). Within a two-hour drive of the City, there are over 15 million people.

The City is situated on the St. Lawrence River and Seaway and is also home to the Ogdensburg-Prescott International Bridge, a modern suspension bridge that links New York State and Canada. The bridge connects with Ontario highways 416 and 401, providing easy access to major market areas in Canada.

The Port of Ogdensburg is the only United States port on the St. Lawrence River, making it the eastern most U.S. port on the Great Lakes and the northern most port in New York State. Goods are shipped to and from the port via the St. Lawrence Seaway to destinations throughout the world. Rail access to the City and the Port of Ogdensburg are provided by the New York and Ogdensburg Railroad that connects to the CSX mainline. The Port of Ogdensburg has been designated as a Foreign Trade Zone.

Source: City officials.

### Major Employers

Some of the major employers located within and/or surrounding the City are as follows:

<u>Employer</u>	<u>Type</u>	<u>Approximate Number of Employees</u>
United Helpers Organization	Health Care	924
Claxton-Hepburn Hospital	Health Care	851
The St. Lawrence Psychiatric Center	Health Care	551
Riverview Correctional Facility	Correctional Facility	400
Ogdensburg Correctional Facility	Correctional Facility	326
Ogdensburg School District	Education	280
Corning, Inc. (and Property Mgmt.)	Manufacturing	214
ACCO, USA	Office Products	200
Ansen Corporation	Electronic Equipment	200
City of Ogdensburg	Government	141
St. Joseph's Home	Health Care	116

Source: City officials.

### Banking Facilities

The following banks maintain offices within the City:

<u>Bank</u>	<u>Offices</u>	<u>Bank</u>	<u>Offices</u>
Community Bank, N.A.	2	St. Lawrence Federal Credit Union	2
KeyBank, N.A.	1	North Country Savings Bank	1
Upstate National Bank	1	NBT Bank, N.A.	1
SeaComm Credit Union	1		

Source: City officials.



## Recent Economic Developments

Allen-Vanguard a manufacturer of military issue bomb suits and helmets acquired Med-Eng in 2007 and intends to expand the City's production facility as soon as the economy stabilizes. Allen-Vanguard is working with the City, IDA, and Empire State Development on a financing package for its plans to expand.

While ACCO has seen a severe decline in demand for office products as a direct result of economic decline, it has recently been rehiring and increasing production. Additionally, Hoosier Magnetics, Inc., the world's leading manufacturer of magnetic powder, is upgrading their Ogdensburg plant. The project includes improvements to the facilities dust collection system, kiln, and the purchase of equipment.

DeFelsko, a U.S. manufacturer of Coating Thickness Gages and Inspection Instruments has completed an expansion of their facility based in the City. The expansion is expected to result in 25 new jobs.

BlastBoss, an abrasive blast cleaning service has purchased a former warehouse and cold storage facility for Corning located at 1857 Ford Street. BlastBoss has converted the building into a 48,000 sq. ft. facility housing the Corporation's sand blasting distribution business. The business has grown from 2 employees to 8 employees in 2 years.

Comtest Networks, the leading supplier of DSL splitters in North America, committed to hiring 15 employees over three years in 2017, and has already exceeded that by hiring over 20 employees.

The City is one of the largest retail centers in St. Lawrence County. The City provides area residents and Canadians a variety of grocery stores, including Price Chopper, Aldi, and Save-a-Lot, as well as boutique shops like Maurice's, and GNC. Tim Horton's Café and Bake Shop opened in the spring of 2013. A new Dunkin Donuts location on Patterson St. opened in June 2016 and has hired 15 employees. In 2017, The Bagelry and Hot Tomale Mexican Fare restaurants opened in two of the City's plazas. In the same year, Cam's Pizzeria and the Blind Pig Bistro opened in the City's downtown.

United Helpers, with the addition of their newly constructed facility, increased their staffing level to 924. Likewise, Claxton-Hepburn, having recently added the Wound Center, and upgrading various other facilities, reports employment at 851. Cerebral Palsy of the North Country received site plan approval in early 2016 to open a new clinic in the City. The 15,000 sq. ft. medical clinic will employ 40 new employees in the City's downtown core in a formerly vacant manufacturing building. This project is in the final design phase while construction expected to be finalized in 2019.

In October of 2016, the Ogdensburg International Airport now provides direct passenger air service on Allegiant Air to Orlando and Fort Lauderdale, FL. Cape Air provides passenger service between Ogdensburg and Boston, with three daily flights also stopping in Albany. Cape Air received a 4 year contract from the Federal Aviation Administration to continue this service and is in the process of opening a downtown office to entice leisure travelers to connect to their Caribbean destinations. The Ogdensburg Bridge and Port Authority has received Federal Aviation Administration approval and has expanded the existing runway, resulting in the reclassified from a class II index A to a class I index B facility. Class I airports accommodate all types of scheduled operations of air carrier aircraft designed for at least 31 passenger seats (large air carrier aircraft). OBPA anticipates that the expansion will result in 40,000 passengers annually utilizing the Ogdensburg location.

The Dobisky Visitors' Center and municipal marina is accessible to residents and tourists and is also available for hosting functions. The municipal marina provides both power and non-power transient slips.

Source: City officials.

## Building Permits

<u>Year</u>	<u>Total</u>	<u>Dwellings</u>	<u>Commercial</u>	<u>Industry</u>
2010	501	458	43	0
2011	450	408	42	0
2012	416	374	42	0
2013	445	391	54	0
2014	350	322	27	1
2015	378	346	32	0
2016	415	367	48	0
2017	355	319	34	0

Source: City officials.

## Population Trends

<u>Year</u>	<u>City of Ogdensburg</u>	<u>St. Lawrence County</u>	<u>New York State</u>
1980	12,375	114,254	17,558,072
1990	13,521	111,974	17,990,455
2000	12,364	111,931	18,976,457
2010	11,128	111,944	19,378,102
2016 (estimate)	10,743	110,038	19,745,289
2017 (estimate)	10,687	109,623	19,849,399

Source: U.S. Census Bureau.

## Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 Census reports and the U.S. Census Bureau 2006-2010 and 2012-2016 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>	<u>2000</u>	<u>2006-2010</u>	<u>2012-2016</u>
City of:						
Ogdensburg	\$ 16,650	\$ 17,651	\$ 22,439	\$ 36,236	\$ 44,625	\$ 54,196
County of:						
St. Lawrence	15,728	20,143	23,313	38,510	50,384	56,394
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

Note: 2013-2017 American Community Survey estimates are not available as of the date of this Official Statement.

## Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest area for which such statistics are available (which includes the City) is St. Lawrence County. The information set forth below with respect to the County and State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that County or State is necessarily representative of the City, or vice versa.

	<u>Annual Average</u>						
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
St. Lawrence County	10.4%	10.2%	9.1%	7.1%	7.3%	6.6%	6.8%
New York State	8.3	8.5	7.7	6.3	5.3	4.8	4.7

	<u>2018 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
St. Lawrence County	8.1%	8.1%	7.4%	6.5%	5.3%	N/A
New York State	5.1	5.1	4.8	4.4	3.7	N/A

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

## Form of City Government

The City's local government is a Council/Manager form of government. The governing body is the Ogdensburg City Council, which is comprised of a Mayor and six Councilors. The Mayor and the Council are elected at large at general elections that are held every odd numbered year. The Mayor and Council each serve a term of four years. The City Manager and Corporation Counsel serve at the pleasure of the Council. The City Comptroller, City Clerk and all other department heads serve at the pleasure of the City Manager.

## Financial Organization

The City Comptroller is the Chief Fiscal Officer of the City, and is responsible for the receiving and collecting of funds. It is the responsibility of the City Comptroller to receive, disburse and account for all financial transactions.

## **Budgetary Procedures and Recent Budget Votes**

The department and agency heads present their budget requirements to the City Manager on or before October 1 each year for the following fiscal year. The City Manager prepares a tentative budget for the forthcoming year together with a budget message to the City Council on or before the 1st day of November. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City, except the Insurance Fund. The City Council establishes a date, time and place for a public hearing with public notice duly advertised of such hearing. The Council, at a regular or special meeting held after the public hearing but not later than the 20th day of December, shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year.

The budget for the 2014 fiscal year called for a total tax levy decrease of 1.3%, which was below the City's tax levy limit of 1.66%.

The budget for the 2015 fiscal year called for a total tax levy increase of 2.8%, which includes a carryover amount from 2014 of \$70,262 and is below the tax levy limit. The tax levy limit, inclusive of all carryovers, was 3.99%.

The budget for the 2016 fiscal year called for a total tax levy increase of 0.48%, which was below the City's tax levy limit of 0.73%.

The budget for the 2017 fiscal year called for a total tax levy increase of 13.27%, which was above the City's tax levy limit of 0.68%.

The budget for the 2018 fiscal year called for a total tax levy increase of 2.27%, which was above the City's tax levy limit of 1.80%.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits in, or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public benefit corporations which are made lawful investments in which the City may invest pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest only in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

## **State Aid**

The City receives financial assistance from the State. In its General Fund budget for the 2018 fiscal year, approximately 16.35% of the revenues of the City are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. See also "MARKET AND RISK FACTORS", herein.

## Employees

The City provides services through approximately 160 employees, 114 of which are represented by six labor organizations. Membership of each and expiration dates are as follows:

<u>Union</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Dates</u>
International Association of Fire Fighters Local 1799	28	December 31, 2019
Police Benevolent Association	20	December 31, 2019
Police Supervisory Unit	7	December 31, 2019
CSEA Salary Unit	16	December 31, 2018 <sup>(1)</sup>
CSEA Hourly Unit	34	December 31, 2018 <sup>(1)</sup>
CSEA Library/Museum Unit	9	December 31, 2018 <sup>(1)</sup>

<sup>(1)</sup> CSEA contract negotiations to begin in mid-2018 and are expected to be settled prior to January 1, 2019.

Source: City officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers 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 benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The City's payments to the Retirement Systems for the past five fiscal years, the unaudited payment amount for the 2017 fiscal year, and the budgeted payment for the current fiscal year are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2012	\$ 460,226	\$ 660,239
2013	529,968	672,097
2014	593,755	764,388
2015	731,222	935,238
2016	679,374	889,920
2017 (Unaudited) <sup>(1)</sup>	755,490	907,041
2018 (Budgeted)	631,990	882,578

- <sup>(1)</sup> The 2017 ERS and PFRS payments included an additional \$170,401 thus reducing the principal balance due of its amortized pension contributions. The City amortized its ERS and PFRS contributions in years 2012 through 2015 and the balance outstanding is \$337,387 and \$255,872, respectively. The City does not anticipate amortizing contributions in the foreseeable future.

Source: City officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2014 to 2019) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	20.9%	28.9%
2015	20.1	27.6
2016	18.2	24.7
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

*Stable Rate Pension Contribution Option:* The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City’s employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

## **Other Post-Employment Benefits**

*Healthcare Benefits.* It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), described on the following page, requires such accounting.

*GASB 45 and OPEB.* OPEB refers to “other post-employment benefits,” meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The City is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

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The City contracted with Burke Group to prepare its post-retirement benefits valuation. The following table shows the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status as of the fiscal years ending December 31, 2016 and 2017:

<b><i>Annual OPEB Cost and Net OPEB Obligation:</i></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Annual required contribution (ARC)	\$ 1,829,077	\$ 1,835,633
Interest on net OPEB obligation	214,265	243,461
Adjustment to ARC	<u>(231,393)</u>	<u>(262,923)</u>
Annual OPEB cost (expense)	\$ 1,811,949	\$ 1,816,171
Contributions made	<u>(1,082,046)</u>	<u>1,097,664</u>
Increase in net OPEB obligation	\$ 729,903	\$ 718,507
Net OPEB obligation - beginning of year	<u>\$ 5,356,632</u>	<u>\$ 6,086,535</u>
Net OPEB obligation - end of year	<u>\$ 6,086,535</u>	<u>\$ 6,805,042</u>
Percentage of annual OPEB cost contributed	59.7%	60.4%

***Funding Status:***

Actuarial Accrued Liability (AAL)	\$ 33,122,012	\$ 33,704,695
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 33,122,012</u>	<u>\$ 33,704,695</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 1,816,171	60.4%	\$ 6,805,042
2016	1,829,077	59.7	6,086,535
2015	1,373,950	65.6	5,356,632
2014	1,408,759	59.3	4,884,251

Source: City officials.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the City's audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last two State legislative sessions. It is not known if the legislation will be reintroduced and enacted into law this year.

In June 2015, the GASB issued GASB Statement 75 ("GASB 75"), which, when implemented, will supersede and eliminate GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 is required to be implemented by all municipalities and school districts in the fiscal year beginning after June 15, 2017. Actuarial valuation will be required every two years for GASB 75.

## **Other Information**

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Notes are to be issued is the City Charter and the Local Finance Law.

No principal or interest upon any obligation of this City is past due.

The fiscal year of the City is the calendar year.

Except as noted in the section entitled "STATUS OF INDEBTEDNESS - Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

## **Financial Statements**

The City retains independent Certified Public Accountants to audit its financial statements which are submitted to the State Comptroller's office to review the single audit requirements. The last completed audit report of the City is for the period ending December 31, 2016 may be found attached hereto as "APPENDIX – E" to this Official Statement. The audit report for the period ending December 31, 2017 is not available as of the date of this Official Statement. Certain summary financial information may also be found in the Appendices to this Official Statement.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State by the Office of the State Comptroller. Except for the accounting for fixed assets, this System conforms to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units," and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year December 31, 2003 the City is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The City is currently in compliance with Statement No. 34.

## **Unaudited Results of Operations for Fiscal Year Ended 2017**

Unaudited financial results for the fiscal year ended December 31, 2017, which is subject to change, reflect an operating surplus of approximately \$662,440 and a cumulative General Fund balance of \$1,382,110.

A summary of such unaudited financial results for the General Fund for the period ended December 31, 2017 is as follows:

Revenues:	\$ 13,434,288
Expenditures:	<u>12,771,848</u>
Revenues over Expenditures:	<u>\$ 662,440</u>
Total Projected General Fund Balance:	\$ 1,382,110

For a summary of the City's adopted budgets, see "APPENDIX-A2" attached hereto.

Note: These unaudited results are based upon certain current assumptions and estimates for fiscal year ended 2017 and the audited results may vary therefrom.

Source: City officials.



## New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be searched on the official website of the Office of the New York State Comptroller.

The State Comptroller's office released a budget review of the City on December 7, 2016. The purpose of the budget review was to determine whether the significant revenue and expenditure projections in the City's proposed budget for the 2017 fiscal year are reasonable.

### Key Findings

- The proposed tax levy of \$5,674,602 is projected to exhaust approximately 88.5 percent of the City's constitutional tax limit.
- The budget provides for a limited contingency equal to only 0.2 percent of general fund appropriations, and does not provide for a tax overlay.
- The general fund budget relies on a significant amount of interfund revenues from both the water and sewer funds.
- On October 11, 2016, the City Council adopted a local law to override the tax levy limit in 2017.

### Key Recommendations

- Be mindful of the constitutional tax limit in future budgets.
- Include a tax overlay and consider increasing the contingency appropriation in the adopted budget.
- Closely monitor the financial position of the water and sewer funds to ensure service rates are sufficient to support the cost of ongoing operations and fund balance is not gradually depleted over time.

The State Comptroller's office released an audit report of the City on September 26, 2014. The purpose of the audit was to review internal controls over payroll processing for the period January 1, 2013 through March 31, 2014.

### Key Findings

- City officials did not ensure that internal controls over payroll processing provided for adequate segregation of duties. The payroll clerk performed all significant phases of the payroll process.
- No one reviews the completed payrolls. The payroll clerk gives the Comptroller a report from the computerized payroll system that lists the gross pay for each individual employee separated by appropriation budget codes. The Comptroller uses the report to enter the payroll expenditure totals into the central accounting records, but does not review the individual employee names and respective pay amounts for accuracy.

### Key Recommendations

- City management should segregate the payroll clerk's duties so that one person does not control all significant aspects of the payroll process. Where it is not feasible to adequately segregate duties, City officials should routinely monitor and review the payroll clerk's work.
- The Council should ensure that a City official who is independent of the payroll process reviews completed payrolls for accuracy and signs (certifies) the payrolls to indicate their review.

A copy of the audits and the City's response can be found via the website of the Office of the New York State Comptroller.

There are no other reports of the State Comptroller that are currently in progress or pending release.

Note: Reference for website implies no warranty or accuracy of information therein.

Source: Website of the Office of the New York State Comptroller.

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## The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual update document filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2016	Moderate	56.3%
2015	Susceptible Fiscal Stress	46.7%
2014	No Designation	21.7%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$ 272,277,781	\$ 269,927,135	\$ 270,632,174	\$ 268,253,370	\$ 275,652,794
New York State					
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 272,277,781	\$ 269,927,135	\$ 270,632,174	\$ 268,253,370	\$ 275,652,794

### Tax Rates Per \$1,000 Assessed

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund	\$ 16.74	\$ 17.21	\$ 17.36	\$ 19.67	\$ 19.77

### Tax Collection Procedure

The City collects both City and County taxes. The City remits County taxes as collected. The City holds its own tax sale for unpaid City/County and School taxes. The amount shown above is the uncollected City/County taxes at December 31 of each collection year. The figures shown for the prior fiscal year are those that the City bid in tax sales. These property owners then have one year to redeem their taxes. It has been the experience of the City that very few, if any, properties are eventually turned over to the City for failure to pay taxes.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tax Levy	\$ 7,551,680	\$ 7,646,020	\$ 7,817,598	\$ 8,412,732	\$ 8,345,038
Amount Uncollected <sup>(1) (2)</sup>	973,353	914,390	869,489	839,565	N/A
% Uncollected	12.89%	11.59%	11.12%	9.98%	N/A

<sup>(1)</sup> The City holds tax sales annually. See "Tax Collection Procedure" herein.

<sup>(2)</sup> These figures include city/county warrant as city collects county taxes and makes county whole.

## Ten Largest Taxpayers - 2017 for 2018 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Ogdensburg Associate, LLC	Retail	\$ 15,328,300
Wal-Mart Stores, Inc.	Retail	9,661,410
National Grid	Utility	9,293,537
Acco USA, Inc.	Manufacturing	5,650,000
7-Eleven Inc. (Purchased SUNOCO stores)	Retail	3,133,000
St. Lawrence Gas Company	Utility	2,965,896
NIMADI 2, LLC	Retail	2,432,350
Rite Aid <sup>(1)</sup>	Retail	2,000,000
MBPJ	Retail	1,970,000
Pepsi-Cola Ogdensburg Bottlers, Inc.	Beverage Distributor	1,948,000

- <sup>(1)</sup> Walgreens is currently in the process of closing on the purchase of 1,932 Rite Aid stores, three distribution centers and inventory for \$4.4 billion. Walgreens will also move forward with its previously announced plan to close 600 locations after the deal is complete. Those closures will take place over an 18-month period starting in the spring 2018. Walgreens will invest \$500 million in store improvements while aiming for \$300 million in annual savings by 2020 for items such as overlapping expenses.

The larger taxpayers listed above have a total assessed valuation of \$54,382,493 which represents 19.7% of the tax base of the City.

As of the date of this Official Statement, the City does not currently have any pending or outstanding tax certioraris that are known or believed to have a material impact on the City.

Source: City tax rolls.

## Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31:

<u>Fiscal Year Ending December 31:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Five Year Average Full Valuation.....	\$ 272,254,500	\$ 272,176,955	\$ 272,897,809
Tax Limit - (2%).....	5,445,090	5,443,539	5,457,956
Add: Exclusions from Tax Limit.....	570,189	866,100	897,932
Total Taking Power.....	\$ 6,015,279	\$ 6,309,639	\$ 6,355,888
Less: Total Levy.....	5,450,819	5,329,445	4,699,350
Constitutional Tax Margin.....	<u>\$ 564,460</u>	<u>\$ 980,194</u>	<u>\$ 1,656,538</u>

Source: City officials.

## Sales Tax Revenues

Effective with the calendar year 2001, the City entered into a sales tax revenue contract with St. Lawrence County. The City receives 6.43% of sales tax revenues collected County-wide. Effective December 1, 2013 the County increased its local sales tax rate from 3% to 4%, therefore the increase in the 2014 budget. The following table shows the collected sales tax revenue for the past ten years and includes the budgeted amount for 2018:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>	<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>
2007	\$ 2,541,980	2013	\$ 2,797,439
2008	2,606,604	2014	3,635,648
2009	2,423,689	2015	3,536,727
2010	2,528,120	2016	3,457,038
2011	2,653,810	2017 (Unaudited)	3,648,154
2012	2,700,928	2018 (Budgeted)	3,676,000

Source: City officials.

## Additional Tax Information

Real property located in the City is assessed by the City.

Veterans' and senior citizens' exemptions are offered to those who qualify.

The City assessment roll is estimated to be constituted as follows: 66% residential; 30% commercial; 4% industrial.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the City is approximately \$4,197, including State, County and School District taxes.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

*Real Property Tax Rebate.* Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the City are uncertain at this time.

## **CITY INDEBTEDNESS**

### **Constitutional Requirements**

The New York State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and its indebtedness (including the Notes), include the following provisions:

*Purpose and Pledge.* Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of the principal of any interest thereon.

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless substantially level or declining debt service is utilized. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its bonds.

*Debt Limit.* The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real property of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

### **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter and the General Municipal Law.

Pursuant to the Local Finance Law and its Charter, the City authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Council, the finance board of the City. Customarily, the Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that when a bond ordinance is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations, and
- (3) An action contesting such validity, is commenced within twenty days after the date of such publication, or,

Such obligations are authorized in violation of the provisions of the Constitution.

The City generally issues its obligations after the time period specified in 3, above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the City, but it is not an absolute legal requirement.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein.)

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein).

#### Debt Outstanding End of Fiscal Year

<u>Years Ending December 31:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Bonds	\$ 4,205,000	\$ 3,900,000	\$ 3,585,000	\$ 3,325,000	\$ 2,970,000
Bond Anticipation Notes	684,000	3,120,500	3,379,000	2,604,000	2,274,000
EFC Short-Term Notes <sup>(1)</sup>	0	0	0	0	1,623,611
Tax Anticipation Notes	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Totals	<u>\$ 6,689,000</u>	<u>\$ 8,820,500</u>	<u>\$ 8,810,000</u>	<u>\$ 7,729,000</u>	<u>\$ 8,667,611</u>

<sup>(1)</sup> See "Capital Project Plans" herein.

#### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of July 3, 2018:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2018-2027	\$ 3,188,000
<u>Bond Anticipation Notes</u>		
Various Capital Improvements and Equipment	April 26, 2019	2,695,000 <sup>(1)</sup>
<u>EFC Short-Term Notes</u>		
Wastewater Treatment Plant Upgrade	May 11, 2019	2,026,299 <sup>(2)</sup>
<u>Tax Anticipation Notes</u>	August 31, 2018	<u>1,800,000</u> <sup>(3)</sup>
Total Debt Outstanding		<u>\$ 9,709,299</u>

<sup>(1)</sup> To be redeemed at maturity with proceeds of bond anticipation notes or serial bonds and available funds of the City.

<sup>(2)</sup> To be converted to long term financing through the Environmental Facilities Corporation.

<sup>(3)</sup> To be paid in full at maturity with available funds of the City.

## Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin shown as of July 3, 2018:

Five-Year Average Full Valuation of Taxable Real Property.....\$ 271,348,651  
Debt Limit - 7% thereof..... 18,994,406

### Inclusions:

Bonds.....\$ 3,188,000  
Bond Anticipation Notes ..... 2,695,000  
EFC Short-Term Financing ..... 2,026,299  
Total Inclusions ..... \$ 7,909,299

### Exclusions:

Appropriations .....\$ 145,000  
Sewer Indebtedness <sup>(1)</sup> ..... 2,026,299  
Water Indebtedness <sup>(2)</sup> ..... 182,523  
Total Exclusions ..... \$ 2,353,822

Total Net Indebtedness Subject to Debt Limit.....\$ 5,555,477  
Net Debt-Contracting Margin .....\$ 13,438,929  
The percent of debt contracting power exhausted is ..... 29.25%

The proceeds of the Notes will not increase the net indebtedness of the City.

- (1) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. On May 24, 2017, the City was granted a sewer exclusion by the New York State Office of the State Comptroller in the amount of \$39,100,000.  
(2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

## Bonded Debt Service

A schedule of Bonded Debt Service may be found attached hereto as “APPENDIX – B” of this Official Statement.

## Equipment Leases

The City has the following equipment leases outstanding:

<u>Description</u>	<u>Original Cost</u>	<u>Interest Rate</u>	<u>Annual Lease Payment</u>	<u>Lease Term</u>
938K Caterpillar Wheel Loader	\$ 144,780	2.00%	\$ 30,779.75	2015-2019
2017 International Dump Truck	128,639	2.92%	27,229.68	2016-2020
Volvo Skidsteer	49,874	2.49%	10,554.33	2016-2020
2016 International Dump Truck	97,724	2.67%	20,588.13	2016-2020

## Cash Flow Borrowings

The City has found it necessary to borrow tax anticipation notes. The history of such note borrowings for the last five years are as follows:

<u>Fiscal Year</u>	<u>Type</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Rate %</u>	<u>Due Date</u>
2013	TAN	\$ 1,800,000	8/1/13	1.375	08/1/14
2014	TAN	1,800,000	7/31/14	1.250	7/31/15
2015	TAN	1,800,000	7/30/15	1.500	7/29/16
2016	TAN	1,800,000	7/28/16	2.000	7/28/17
2017	TAN	1,800,000	8/31/17	4.000	8/31/18
2018 <sup>(1)</sup>	TAN	1,600,000	7/31/18	N/A	7/31/19

- (1) Represents the current issuance of the Notes.

## Capital Project Plans

The City is currently working on a \$7,377,700 Patterson Street Reconstruction project. \$2,500,000 bond anticipation notes were issued on April 30, 2015 for this purpose. On April 28, 2016, the bond anticipation notes were renewed in the amount of \$1,750,000. On April 19, 2017, the bond anticipation notes were renewed in the amount of \$950,000. On April 18, 2018, the City renewed bond anticipation notes in the amount of \$890,000 which mature on April 26, 2019. The City expects to receive reimbursement for 86.6% of the project (69.8% Federal Aid and 16.8% State aid). The City plans on financing approximately \$998,885 over 15 years once the project is complete, which is anticipated in fall 2018.

On January 30, 2017, a bond ordinance was approved for the City's Wastewater Treatment Plant upgrade at maximum cost of \$39.1 million. The City anticipates financing this project through the use of grants and no interest loans. The City issued \$1,500,000 bond anticipation notes on May 11, 2017 for the design phase of the project. The bond anticipation notes were paid from the New York State Environmental Facilities Corporation (the "EFC") 0% \$15 million awarded note. As of the date of this Official Statement, \$2,026,299 has been dispersed to the City from the EFC. Payments are expected to be made commencing May 2019. The minimum payment scheduled to be made is \$400,000, however, this may be reduced depending on the total draw amount. Construction is expected to start in fall 2018 through spring of 2020. The City has been awarded grants thus far for \$10.2 million with additional grants currently being sought for \$4.6 million.

The City was awarded a RESTORE round 4 New York Grant for the demolition of some commercial buildings that the City acquired through the tax foreclosure process. A matching grant from National Grid was also awarded as a 25% match of eligible expenditures per property. Two properties were identified in need of demolition for the amount of the estimated grant awards; 17 Main Street and 420 Lafayette Street. The grants are reimbursable, therefore the City put forth a \$500,000 authorization at the April 10, 2017 City Council meeting to approve the Strategic Demolition Project. The City issued \$500,000 bond anticipation notes on April 27, 2017 which represents the first borrowing against said authorization. The bond anticipation notes were renewed on April 26, 2018 and will mature on April 26, 2019. To date, the City has completed the demolition and site preparation of 17 Main Street. The result of which is a 1-acre shovel ready site located in the City's marina district. In spring 2018, the City completed demolition and asbestos abatement of the former 82-bed nursing home facility located at 420 Lafayette Street and is currently preparing the site. Once completed, this will be a 2-acre parcel in the City's moderate density residential zoning district, ideal for multi-family redevelopment.

The City, in accordance with DR-4348 Lake Ontario Flooding, will respond to damage to City property as a result of the flooding event between May 2, 2017 and August 6, 2017 with an estimated total cost of \$4.3 million. The areas damaged as a result of this sustained flooding event include: the City's two St. Lawrence River Boat Launches (Little Park and Patterson Street), the Dobisky Center Boardwalk, the Greenbelt Traffic Circle, and the Oswegatchie Seawall. It is anticipated FEMA will reimburse the City for 75% of the costs. The City approved a \$950,000 authorization on April 9, 2018 to start the repairs to these damaged areas in 2018. The City issued \$950,000 bond anticipation notes on April 26, 2018 against this authorization which mature on April 26, 2019. Additional financing may be considered in 2018 depending on the status of the project.

The City considers its capital needs on an annual basis.

The City currently has no other authorizations outstanding and no other borrowings are anticipated or contemplated in the near future.

## Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Overlapping Net Indebtedness</u>
County of:						
St. Lawrence	12/31/2016	\$ 39,775,000	\$ 9,500,000 <sup>(2)</sup>	\$ 30,275,000	4.82%	\$ 1,459,255
School District:						
Ogdensburg	6/30/2017	52,405,000	51,356,900 <sup>(3)</sup>	1,048,100	75.45%	790,791
					Total:	<u>\$ 2,250,046</u>

<sup>(1)</sup> Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

<sup>(2)</sup> Water and sewer debt appropriations.

<sup>(3)</sup> Estimate of future State building aid based on school district's current State building aid ratio.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2016 and 2017.



## Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of July 3, 2018:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Gross Indebtedness <sup>(c)</sup> .....	\$ 7,909,299	\$ 740.09	2.91%
Net Indebtedness <sup>(c)</sup> .....	5,555,477	519.84	2.05
Gross Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	10,159,345	950.63	3.74
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	7,805,523	730.38	2.88

(a) The City's 2017 estimated population is 10,687. (See "THE CITY - Population Trends" herein.)

(b) The City's full valuation of taxable real estate for 2018 is \$275,652,794. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "STATUS OF INDEBTEDNESS - Debt Statement Summary" for a calculation of Net Indebtedness herein.

(d) The City's applicable share of net overlapping indebtedness is estimated to be \$2,250,046 (See "STATUS OF INDEBTEDNESS - Estimated Overlapping Indebtedness" herein.)

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**General Municipal Law Contract Creditors' Provision.** Each Note when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the City, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Notes should the City be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of the Notes to receive interest and principal from the City could be adversely affected by the restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the City (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The City has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Default Litigation.** In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “THE NOTES - Nature of the Obligation” and “State Debt Moratorium Law” herein.

**No Past Due Debt.** No principal of or interest on City indebtedness is past due. The City has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET AND RISK FACTORS**

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the City as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE CITY - State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the City to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the City. Unforeseen developments could also result in substantial increases in City expenditures, thus placing strain on the City's financial condition. These factors may have an effect on the market price of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the City. Any such future legislation would have an adverse effect on the market value of the Notes (See "Tax Exemption" herein).

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts and have restrictions in the State, including the City without providing an exclusion for debt service on obligations issued by municipalities or fire districts, including the City, could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York (or any political subdivision thereof, including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX - F".

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The City has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no

assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made which would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX - F".

## **LITIGATION**

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the City.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Material Event Notices Certificate with respect to the Notes, the forms of which are attached hereto as "APPENDIX - D".

## **Historical Compliance**

Except as noted below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

The City on occasion did not file within a timely manner certain material event notices relating to various rating changes to FSA and Ambac Assurance Corporation. The underlying rating of the City was not affected by these rating actions. A notice of failure to file was posted to the Electronic Municipal Market Access ("EMMA") on July 22, 2014. Due to a clerical oversight, the City did not file its fiscal year ending 2010 Audited Financial Statements as required by December 31, 2011. These financial statements were filed to EMMA on July 12, 2013 and a failure to file notice was posted to EMMA on April 23, 2015.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the SEC and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **RATING**

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, as such rating action will result in a material event notification to be posted to EMMA which is required by the City.

Moody's Investors Service, Inc. has assigned a rating of "Ba1" with a negative outlook to the City's outstanding general obligation bonds. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds or the Notes.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the City, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

The Official Statement is submitted only in connection with the sale of the Notes by the City and may not be reproduced or used in whole or in part for any other purpose.

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the City also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City's contact information is as follows: Mr. Timothy J. Johnson, City Comptroller, City of Ogdensburg, City Hall, 330 Ford Street, Ogdensburg, New York 13669, Phone: (315) 393-1860, Telefax: (315) 393-2006, Email: [tjohnson@ogdensburg.org](mailto:tjohnson@ogdensburg.org).

This Official Statement has been duly executed and delivered by the City Comptroller of the City of Ogdensburg, St. Lawrence County, New York.

**CITY OF OGDENSBURG**

**Dated: July 3, 2018**

**TIMOTHY J. JOHNSON**  
**City Comptroller**  
**and Chief Fiscal Officer**

**GENERAL FUND**

**Balance Sheets**

Fiscal Year Ending December 31:	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u> <u>Unaudited</u>
<u><b>ASSETS</b></u>					
Cash - Unrestricted	\$ 2,811,806	\$ 2,256,738	\$ 2,929,956	\$ 1,411,201	\$ 1,919,495
Cash - Restricted	1,197,039	662,590	575,967	511,597	-
Receivables:					
Taxes	2,534,765	2,903,912	2,407,340	2,549,056	2,544,717
Other	114,819	175,712	46,360	163,295	353,681
Due from Other Funds	1,947,506	1,900,978	2,109,901	1,061,799	470,709
Due from Other Governments	273,961	548,045	276,188	341,353	327,430
Prepaid Expenses	-	5,267	1,440	-	-
Investments	42,263	52,023	-	-	17,529
<b>TOTAL ASSETS</b>	<u><b>\$ 8,922,159</b></u>	<u><b>\$ 8,505,265</b></u>	<u><b>\$ 8,347,152</b></u>	<u><b>\$ 6,038,301</b></u>	<u><b>\$ 5,633,561</b></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accounts Payable	\$ 248,090	\$ 224,761	\$ 236,845	\$ 249,378	\$ 291,504
Accrued Liabilities	34,908	-	-	224,961	212,126
Accrued Interest Payable	-	32,996	74,212	64,447	64,447
Cash Overdraft	916,000	1,039,771	1,480,586	-	-
Notes Payable	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Due to Other Funds	731,598	1,079,549	1,177,166	1,200,691	428,035
Due to Other Governments	2,355,052	1,466,228	2,201,447	1,878,385	1,455,339
Deferred Revenue	-	-	210	-	-
<b>TOTAL LIABILITIES</b>	<u><b>\$ 6,085,648</b></u>	<u><b>\$ 5,643,305</b></u>	<u><b>\$ 6,970,466</b></u>	<u><b>\$ 5,417,862</b></u>	<u><b>\$ 4,251,451</b></u>
<u><b>FUND EQUITY</b></u>					
Nonspendable	\$ -	\$ 5,267	\$ 1,440	\$ -	\$ -
Restricted	-	662,590	575,967	511,597	62,299
Assigned	1,197,039	407,225	419,499	-	-
Unassigned	1,639,472	1,786,878	379,780	108,842	1,319,811
<b>TOTAL FUND EQUITY</b>	<u><b>\$ 2,836,511</b></u>	<u><b>\$ 2,861,960</b></u>	<u><b>\$ 1,376,685</b></u>	<u><b>\$ 620,439</b></u>	<u><b>\$ 1,382,110</b></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><b>\$ 8,922,159</b></u>	<u><b>\$ 8,505,265</b></u>	<u><b>\$ 8,347,151</b></u>	<u><b>\$ 6,038,301</b></u>	<u><b>\$ 5,633,561</b></u>



**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending December 31:	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>
<b>REVENUES</b>					
Real Property Taxes	\$ 4,439,485	\$ 4,597,514	\$ 4,547,750	\$ 4,510,113	\$ 4,629,724
Real Property Tax Items	277,882	228,105	244,665	224,511	196,680
Non-Property Tax Items	3,015,738	3,108,534	3,948,908	3,831,843	3,737,151
Departmental Income	732,540	813,444	827,791	953,740	453,421
Intergovernmental Charges	121,184	125,743	132,026	53,036	165,844
Use of Money & Property	78,188	80,448	100,356	79,959	83,093
Licenses and Permits	52,238	53,695	50,118	42,410	47,623
Fines and Forfeitures	79,346	61,792	97,507	49,078	63,078
Sale of Property and Compensation for Loss	63,836	17,692	17,509	27,913	40,045
Miscellaneous	79,770	20,261	572	19,575	10,404
Interfund Revenues	-	-	107,492	-	-
Revenues from State Sources	2,077,604	2,120,159	2,137,292	2,143,110	2,176,973
Revenue from Federal Aid	132,731	222,590	103,843	141,812	78,241
Total Revenues	<u>\$ 11,150,542</u>	<u>\$ 11,449,977</u>	<u>\$ 12,315,829</u>	<u>\$ 12,077,100</u>	<u>\$ 11,682,277</u>
<b>EXPENDITURES</b>					
General Government Support	\$ 1,459,095	\$ 1,434,571	\$ 1,517,162	1,622,979	1,567,386
Public Safety and Health	5,999,235	6,425,812	6,568,362	7,398,324	7,487,033
Transportation	1,895,477	1,979,871	2,050,420	2,131,142	2,091,237
Economic Assistance and Opportunity	32,491	25,854	24,900	20,669	16,975
Culture and Recreation	606,185	630,040	650,263	656,050	705,133
Home and Community Services	554,708	525,186	517,135	610,090	297,194
Employee Benefits	15,000	13,000	15,000	10,000	-
Debt Service	245,868	240,388	257,224	328,978	281,395
Total Expenditures	<u>\$ 10,808,059</u>	<u>\$ 11,274,722</u>	<u>\$ 11,600,466</u>	<u>\$ 12,778,232</u>	<u>\$ 12,446,353</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 342,483</u>	<u>\$ 175,255</u>	<u>\$ 715,363</u>	<u>\$ (701,132)</u>	<u>\$ (764,076)</u>
Other Financing Sources (Uses):					
Operating Transfers In	120,318	110,244	-	112,478	803,069
Operating Transfers Out	(802,313)	(1,052,022)	(795,633)	(796,620)	(795,239)
Total Other Financing	<u>\$ (681,995)</u>	<u>\$ (941,778)</u>	<u>\$ (795,633)</u>	<u>\$ (684,142)</u>	<u>\$ 7,830</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(339,512)</u>	<u>(766,523)</u>	<u>(80,270)</u>	<u>(1,385,274)</u>	<u>(756,246)</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	4,039,546	3,670,318	2,836,511	2,861,960	1,376,685
Prior Period Adjustments (net)	(29,716)	(67,284)	105,719	(100,000)	-
Fund Balance - End of Year	<u>\$ 3,670,318</u>	<u>\$ 2,836,511</u>	<u>\$ 2,861,960</u>	<u>\$ 1,376,685</u>	<u>\$ 620,439</u>

Source: Audited financial statements of the City. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Fiscal Years Ending December 31:	<b>2017</b>		<b>2018</b>
	Original		Adopted
	<u>Budget</u>	<u>Unaudited</u>	<u>Budget</u>
<b><u>REVENUES</u></b>			
Real Property Taxes	\$ 5,239,445	\$ 5,335,029	\$ 5,360,819
Real Property Tax Items	228,700	192,124	206,200
Non-Property Tax Items	3,786,099	3,925,850	3,966,000
Departmental Income	415,518	436,185	332,721
Intergovernmental Charges	208,500	242,238	208,500
Use of Money & Property	86,235	119,694	91,660
Licenses and Permits	41,900	39,499	41,885
Fines and Forfeitures	53,800	38,756	48,800
Sale of Property and			
Compensation for Loss	19,500	58,437	23,500
Miscellaneous	500	10,894	600
Interfund Revenues	995,155	740,155	1,200,696
Revenues from State Sources	2,179,159	2,244,854	2,281,374
Revenues from Federal Sources	49,555	50,573	194,334
Total Revenues	<u>\$ 13,304,066</u>	<u>\$ 13,434,288</u>	<u>\$ 13,957,089</u>
<b><u>EXPENDITURES</u></b>			
General Government Support	\$ 1,624,810	\$ 1,426,872	\$ 1,697,908
Public Safety and Health	7,459,795	7,583,790	8,157,131
Transportation	2,060,388	1,798,214	2,232,307
Economic Assistance and			
Opportunity	12,800	15,675	15,000
Culture and Recreation	603,147	562,615	529,208
Home and Community Services	529,360	339,470	333,216
Employee Benefits	10,000	10,000	10,000
Debt Service	271,912	303,358	320,465
Total Expenditures	<u>\$ 12,572,212</u>	<u>\$ 12,039,994</u>	<u>\$ 13,295,235</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ 731,854</u>	<u>\$ 1,394,294</u>	<u>\$ 661,854</u>
Other Financing Sources (Uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	(731,854)	(731,854)	(661,854)
Total Other Financing	<u>\$ (731,854)</u>	<u>\$ (731,854)</u>	<u>\$ (661,854)</u>
Excess of Revenues and Other			
Sources Over (Under) Expenditures			
and Other Uses	<u>-</u>	<u>662,440</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>			
Fund Balance - Beginning of Year	-	719,670	-
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 1,382,110</u>	<u>\$ -</u>

Source: 2017 Annual update document (unaudited) and 2018 adopted budget of the City. This Appendix is not itself audited.

**CHANGES IN FUND EQUITY**

Fiscal Year Ending December 31:	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>
<u><b>SPECIAL GRANT FUND</b></u>					
Fund Equity - Beginning of Year	\$ 1,316,691	\$ 583,338	\$ 442,760	\$ 287,354	\$ 185,288
Prior Period Adjustments (net)	-	(43,064)	(13,844)	-	-
Revenues & Other Sources	605,292	374,561	33,896	250,914	238,199
Expenditures & Other Uses	1,338,645	472,075	175,458	352,980	221,508
Fund Equity - End of Year	\$ 583,338	\$ 442,760	\$ 287,354	\$ 185,288	\$ 201,979
<u><b>WATER FUND</b></u>					
Fund Equity - Beginning of Year	\$ 1,006,783	\$ 1,151,924	\$ 1,156,755	\$ 1,320,340	\$ 1,367,013
Prior Period Adjustments (net)	12,665	14,672	-	(8,941)	-
Revenues & Other Sources	1,791,273	1,802,466	2,076,482	2,229,498	2,155,868
Expenditures & Other Uses	1,658,797	1,812,307	1,912,897	2,173,884	2,217,429
Fund Equity - End of Year	\$ 1,151,924	\$ 1,156,755	\$ 1,320,340	\$ 1,367,013	\$ 1,305,452
<u><b>SEWER FUND</b></u>					
Fund Equity - Beginning of Year	\$ 863,707	\$ 990,745	\$ 1,235,324	\$ 1,670,967	\$ 1,846,003
Prior Period Adjustments (net)	15,107	15,583	3	-	-
Revenues & Other Sources	2,248,477	2,512,892	2,488,550	2,555,302	2,533,103
Expenditures & Other Uses	2,136,546	2,283,896	2,052,910	2,380,266	2,425,888
Fund Equity - End of Year	\$ 990,745	\$ 1,235,324	\$ 1,670,967	\$ 1,846,003	\$ 1,953,218
<u><b>LIBRARY FUND</b></u>					
Fund Equity - Beginning of Year	\$ 26,755	\$ 42,828	\$ 48,253	\$ 29,784	\$ 25,960
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,029,906	1,030,163	1,050,604	1,077,036	1,084,997
Expenditures & Other Uses	1,013,833	1,024,738	1,069,073	1,080,860	1,030,883
Fund Equity - End of Year	\$ 42,828	\$ 48,253	\$ 29,784	\$ 25,960	\$ 80,074
<u><b>SELF INSURANCE FUND</b></u>					
Fund Equity - Beginning of Year	\$ 203,816	\$ 269,248	\$ 304,238	\$ 359,563	\$ 334,589
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	262,902	256,432	256,012	262,956	263,833
Expenditures & Other Uses	197,470	221,442	200,687	287,930	172,775
Fund Equity - End of Year	\$ 269,248	\$ 304,238	\$ 359,563	\$ 334,589	\$ 425,647

Source: Annual update documents (unaudited) of the City. This Appendix is not itself audited.

**APPENDIX - B**  
**City of Ogdensburg**

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Principal	Interest	Total
2018	\$ 365,000	\$ 73,750.00	\$ 438,750.01
2019	403,000	99,714.86	502,714.98
2020	420,000	77,300.00	497,300.44
2021	430,000	65,562.50	495,562.28
2022	440,000	53,087.50	493,087.16
2023	440,000	40,256.25	480,256.41
2024	205,000	30,262.50	235,262.50
2025	210,000	24,050.00	234,050.00
2026	220,000	16,500.00	236,500.00
2027	220,000	9,500.00	229,500.00
2028	55,000	1,512.50	56,512.50
TOTALS	\$ 3,408,000	\$ 491,496.11	\$ 3,899,496.27

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending December 31st	2016 Refunding of 2007 Bonds			2012 Refunding of 2002 Bonds			2012 Refunding of 2002 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 145,000	\$ 35,112.50	\$ 180,112.50	\$ 220,000	\$ 38,637.50	\$ 258,637.50	\$ -	\$ -	\$ -
2019	145,000	32,937.50	177,937.50	230,000	32,725.00	262,725.00	28,000	34,052.36	62,052.36
2020	145,000	30,037.50	175,037.50	235,000	26,037.50	261,037.50	40,000	21,225.00	61,225.00
2021	150,000	27,500.00	177,500.00	240,000	18,912.50	258,912.50	40,000	19,150.00	59,150.00
2022	150,000	24,500.00	174,500.00	250,000	11,562.50	261,562.50	40,000	17,025.00	57,025.00
2023	150,000	21,500.00	171,500.00	250,000	3,906.25	253,906.25	40,000	14,850.00	54,850.00
2024	160,000	17,750.00	177,750.00	-	-	-	45,000	12,512.50	57,512.50
2025	160,000	14,150.00	174,150.00	-	-	-	50,000	9,900.00	59,900.00
2026	170,000	9,350.00	179,350.00	-	-	-	50,000	7,150.00	57,150.00
2027	170,000	5,100.00	175,100.00	-	-	-	50,000	4,400.00	54,400.00
2028	-	-	-	-	-	-	55,000	1,512.50	56,512.50
<b>TOTALS</b>	<b>\$ 1,545,000</b>	<b>\$ 217,937.50</b>	<b>\$ 1,762,937.50</b>	<b>\$ 1,425,000</b>	<b>\$ 131,781.25</b>	<b>\$ 1,556,781.25</b>	<b>\$ 438,000</b>	<b>\$ 141,777.36</b>	<b>\$ 579,777.36</b>

**CITY OF OGDENSBURG  
ST. LAWRENCE COUNTY, NEW YORK**

**ESTIMATED CASH FLOW (\*MULTI-FUND)**

<b>2018 ESTIMATED CASH FLOW</b>	<b>2018 July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>2019 January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>13 MONTH TOTAL</b>
<b>Beginning Balance:</b>	\$ 5,969,222	\$ 7,203,764	\$ 5,541,380	\$ 5,041,797	\$ 4,657,932	\$ 4,551,708	\$ 3,067,095	\$ 2,021,385	\$ 2,089,626	\$ 1,397,336	\$ 2,262,725	\$ 4,859,249	\$ 3,959,889	
<b>Revenues:</b>														
Real Property Tax	\$ 875,000	\$ 1,475,000	\$ 70,000	\$ 60,000	\$ 25,000	\$ 13,000	\$ 30,498	\$ 104,269	\$ 62,161	\$ 1,714,870	\$ 3,000,000	\$ 440,000	\$ 875,000	\$ 8,744,798
Tax Sale Certificates	500	39,000	2,000	600	6,500	350	-	5,170	16,994	1,901	2,300	50,000	500	125,815
Payments in Lieu of Tax (gross)	-	-	-	82,000	4,674	-	-	-	-	-	4,674	-	-	91,348
School Tax	-	-	-	-	-	-	30,325	75,360	51,143	27,633	58,000	19,000	-	261,461
Sales Tax	236,000	288,000	280,000	397,000	280,000	370,000	234,835	293,933	254,376	331,118	278,000	433,000	236,000	3,912,262
Gross Receipts Tax	2,600	45,000	19,000	2,800	39,000	18,000	2,248	62,983	15,445	1,404	64,000	17,000	2,600	292,080
Mortgage Tax	-	-	-	-	-	25,000	-	-	-	-	-	20,000	-	45,000
Departmental Income	111,780	59,150	81,067	80,196	22,078	50,201	143,319	155,022	749,830	239,383	226,347	222,179	125,986	2,266,537
LIB / REM Reimbursement	43,000	43,000	43,000	43,000	43,000	64,500	42,627	42,773	43,330	43,123	43,000	64,500	43,000	601,853
State/Federal Aid	-	-	132,307	3,710	-	1,629,975	28,398	2,049	14,487	18,209	-	-	-	1,829,135
Water Rates	64,523	148,299	74,706	68,474	369,012	334,933	90,468	119,622	80,665	63,602	389,891	258,337	64,523	2,127,055
Sewer Rates	84,984	486,686	285,793	80,771	186,654	91,839	82,487	501,854	299,168	78,282	136,357	105,018	84,984	2,504,877
Outside Water Users	2,175	14,971	-	-	-	-	-	885	-	8,434	71,518	5,438	2,175	105,596
TAN Proceeds	1,600,000	-	-	-	-	-	-	-	-	-	-	-	-	1,600,000
<b>Total Revenues</b>	<b>\$ 3,020,562</b>	<b>\$ 2,599,106</b>	<b>\$ 987,873</b>	<b>\$ 818,551</b>	<b>\$ 975,918</b>	<b>\$ 2,597,798</b>	<b>\$ 685,205</b>	<b>\$ 1,363,920</b>	<b>\$ 1,587,599</b>	<b>\$ 2,527,959</b>	<b>\$ 4,274,087</b>	<b>\$ 1,634,472</b>	<b>\$ 1,434,768</b>	<b>\$ 24,507,817</b>
<b>Total Available Cash</b>	<b>\$ 8,989,784</b>	<b>\$ 9,802,869</b>	<b>\$ 6,529,253</b>	<b>\$ 5,860,348</b>	<b>\$ 5,633,850</b>	<b>\$ 7,149,506</b>	<b>\$ 3,752,300</b>	<b>\$ 3,385,305</b>	<b>\$ 3,677,225</b>	<b>\$ 3,925,295</b>	<b>\$ 6,536,812</b>	<b>\$ 6,493,721</b>	<b>\$ 5,394,657</b>	
<b>Disbursements:</b>														
Payroll	\$ 632,000	\$ 667,000	\$ 596,000	\$ 604,000	\$ 621,000	\$ 966,000	\$ 692,826	\$ 658,045	\$ 625,788	\$ 645,806	\$ 625,024	\$ 878,800	\$ 657,280	\$ 8,869,569
FICA	48,348	51,026	45,594	46,206	47,507	73,899	53,001	50,340	47,873	49,404	47,814	67,228	50,282	678,522
Health Insurance	245,000	245,000	255,000	245,000	245,000	275,000	221,558	264,531	257,050	230,343	259,700	270,300	259,700	3,273,182
Insurance Program	1,500	775	2,300	1,700	250	7,500	170,000	1,500	2,000	250	500	3,000	1,500	192,775
State Retirement	-	-	-	-	-	1,514,568	-	-	-	-	-	-	-	1,514,568
Utilities	54,000	55,000	54,000	47,000	58,000	76,000	76,440	55,133	45,638	72,080	61,480	43,460	57,240	755,471
Debt Service	-	162,556	-	-	-	17,944	-	16,469	-	165,577	400,000	247,946	-	1,010,492
County Tax	600,000	675,000	-	-	-	600,000	-	-	500,000	-	-	700,000	650,000	3,725,000
School Tax	-	-	-	-	-	225,000	-	75,000	85,000	30,000	75,000	85,000	-	575,000
Contractual	155,172	533,132	534,562	258,510	110,385	276,500	492,090	174,661	291,540	419,110	158,045	188,098	162,931	3,754,736
Transfers to LIB / REM	50,000	-	-	-	-	50,000	25,000	-	425,000	50,000	50,000	50,000	50,000	750,000
TAN Repayment	-	1,872,000	-	-	-	-	-	-	-	-	-	-	1,600,000	3,472,000
<b>Total Disbursements</b>	<b>\$ 1,786,020</b>	<b>\$ 4,261,489</b>	<b>\$ 1,487,456</b>	<b>\$ 1,202,416</b>	<b>\$ 1,082,142</b>	<b>\$ 4,082,411</b>	<b>\$ 1,730,915</b>	<b>\$ 1,295,679</b>	<b>\$ 2,279,889</b>	<b>\$ 1,662,570</b>	<b>\$ 1,677,563</b>	<b>\$ 2,533,832</b>	<b>\$ 3,488,933</b>	<b>\$ 28,571,315</b>
<b>Ending Balance:</b>	<b>\$ 7,203,764</b>	<b>\$ 5,541,380</b>	<b>\$ 5,041,797</b>	<b>\$ 4,657,932</b>	<b>\$ 4,551,708</b>	<b>\$ 3,067,095</b>	<b>\$ 2,021,385</b>	<b>\$ 2,089,626</b>	<b>\$ 1,397,336</b>	<b>\$ 2,262,725</b>	<b>\$ 4,859,249</b>	<b>\$ 3,959,889</b>	<b>\$ 1,905,724</b>	

\* MULTI-FUND IS GENERAL, WATER, SEWER & INSURANCE FUNDS

Note: The City will experience a cumulative cash flow deficit of \$1,440,000 on or about January 15, 2019.

## MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the City determines that any such other event is material with respect to the Note; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The City reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Note within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its material event notices undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule, with the approving opinion of nationally recognized bond counsel.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

See "CONTINUING DISCLOSURE – Historical Compliance" for an overview of the City's past historical compliance.

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**CITY OF OGDENSBURG**  
**ST. LAWRENCE COUNTY, NEW YORK**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDING**

**DECEMBER 31, 2016**

**Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.**

## CITY OF OGDENSBURG, NEW YORK

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## CITY OF OGDENSBURG, NEW YORK

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of December 31, 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 on pages 4 – 11, budgetary comparison information on page 50, schedule of contributions on page 51 and schedule of proportionate share of the net pension liability on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogdensburg, New York's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of the City of Ogdensburg, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Ogdensburg, New York's internal control over financial reporting and compliance.

Handwritten signature of Panto Mucenski in cursive script.

Certified Public Accountants, P.C.

September 29, 2017

The City of Ogdensburg (the City) offers this discussion and analysis for the fiscal year ending December 31, 2016. Please read along with the City's financial statements which include the notes to the financial statements.

## **1. FINANCIAL HIGHLIGHTS**

Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$ 29,333,747.

For the year, total revenues for the City were \$ 18,890,257, while total expenses were \$ 21,305,577. The net of the revenues and expenses leaves the City with a net decrease of \$ 2,415,320.

At the end of the year, total unassigned fund balance for the General Fund was \$ 108,842 down from \$ 379,780 in the prior year. The unassigned fund balance at the end of 2016 represents 0.8% of total general fund expenditures (including transfers out) for the year.

Total outstanding long-term indebtedness for the City at the end of the year was \$ 3,678,757 up from \$ 3,585,000 at the end of 2015.

## **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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



### 3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net Position may serve as a useful indicator of a government's financial position over time. For the year ending December 31, 2016, the City of Ogdensburg's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 29,333,747.

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

#### CITY OF OGDENSBURG'S NET POSITION

	<u>Governmental Activities 2016</u>
Current Assets	\$ 10,404,436
Noncurrent Assets	<u>40,435,495</u>
Total Assets	50,839,931
Deferred Outflows of Resources	<u>6,799,314</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 57,639,245</u>
Current Liabilities	\$ 7,779,479
Noncurrent Liabilities	<u>19,715,622</u>
Total Liabilities	<u>27,495,101</u>
Deferred Inflows of Resources	<u>810,397</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	36,756,738
Restricted	662,115
Unrestricted (Deficit)	<u>(8,085,106)</u>
Total Net Position	<u>29,333,747</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 57,639,245</u>

The remaining category of total net position, unrestricted net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. At December 31, 2016, the City had a deficit balance of \$ 8,085,106.

Total net position of the City's governmental activities for the year ending December 31, 2016 was \$ 29,333,747.

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

**CITY OF OGDENSBURG  
CHANGE IN NET POSITION**

	<u>Governmental Activities 2016</u>
<b>Revenues</b>	
Program Revenues	
Charges for Services	\$ 5,253,533
Operating Grants and Contributions	2,742,397
Capital Grants and Contributions	1,884,694
General Revenues	
Property Taxes	4,629,724
Sales and Other Taxes	3,904,024
Government Aid	58,366
Other	<u>417,519</u>
Total Revenues	<u>18,890,257</u>
<b>Expenses</b>	
General Government	2,210,348
Public Safety	8,888,990
Transportation	2,628,633
Economic Assistance and Opportunity	16,975
Culture and Recreation	2,347,137
Home and Community	4,531,479
Debt Service	183,664
Compensated Absences	(18,711)
Judgment and Claims	<u>517,062</u>
Total Expense	<u>21,305,577</u>
Increase (Decrease) in Net Position	(2,415,320)
Net Position - Beginning	<u>31,749,067</u>
Net Position - Ending	<u>\$ 29,333,747</u>

The City's total revenues for the year were \$ 18,890,257 versus total expenses of \$ 21,305,577. For the year, the City's net position decreased by \$ 2,415,320 to bring total net assets of the primary government of the City to \$ 29,333,747.

**Governmental Activities**

The drivers of revenues for the year were charges for services, which is mostly made up of water and sewer charges for services. Property taxes comprised 25% of the total revenues while sales taxes were 21% of revenues.

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

In the General Fund under public safety and health, the police department and fire department expenses for the year totaled \$ 3,792,752 (51%) and \$ 3,605,572 (49%), of the total for public safety and health, respectively.

Home and community total overall expenses for the year were \$ 4,578,493. Costs associated with operating the water fund were \$ 1,827,897 or (40%) of the total while the sewer fund costs were \$ 1,967,910 or (43%) of the total.

In 2015 our overall retirement bill was \$ 1,666,460 this is compared to \$ 1,358,143 in 2014. In 2016 we are scheduled to pay \$ 1,569,622. The cost of the retirement bill is apportioned to each department and therefore is not shown as Employee Benefits separately.

Depreciation expense now required to be included is \$ 1,521,794 for 2016.

### **THE CITY'S FUNDS - Governmental Funds**

- 1) General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$ 108,842 and the total fund balance was \$ 620,439. As a measure of the General Fund' liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year ending December 31, 2016, unassigned fund balances represent 0.8% of total fund expenditures (including transfers out), while total fund balance was 4.7% of the same amount. The total fund balance of the City's General Fund decreased by \$ 756,247 or 55% during the current fiscal year.
- 2) Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases. At the end of the current fiscal year, the fund balance showed a negative balance of \$ (1,356,285).
- 3) Special Revenue Fund – The special revenue fund for the City is made up of the following individual funds: Community Development Fund, Water Fund, Sewer Fund, Library/Museum Fund, and Self-Insurance Fund. The Community Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development as well as other federal and state grant programs. At the end of the current fiscal year, the total special revenue fund balance was \$ 3,696,931. Components of December 31, 2016 fund balance are as follows:

Reserved	
Insurance	\$ 44,766
Community Development Reserve	<u>105,751</u>
Total Reserve Special Revenue Fund Balance	<u>\$ 150,517</u>
Unassigned	
Appropriated, Community Development	\$ 185,289
Unappropriated, all Special Revenue Funds	
(Excluding Community Development)	<u>3,361,125</u>
Total Unassigned Special Revenue Fund Balance	<u>3,546,414</u>
Total Special Revenue Fund Balance	<u>\$ 3,696,931</u>

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

#### **4. BUDGETARY HIGHLIGHTS**

The City Charter requires the City Manager to submit a budget with an accompanying written budget report to the City Council on or before November 1 for the next fiscal year.

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year.

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

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

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

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

#### **5. CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental activities as of December 31, 2016, amounted to \$ 40,435,495 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress (CIP).

Major capital asset events during the fiscal year 2016 included:

• Paterson Street Reconstruction	\$ 367,184
• Other Fixed Asset Additions	\$ 910,424
• Fixed Asset Disposals	\$ 264,195
• Depreciation Expense for the Year	\$ 1,414,208

A capital asset recap as of December 31, 2016 is as follows:

	<u>Governmental Activities 2016</u>
Land	\$ 6,776,899
Construction in Progress	12,552,878
Land Improvements	5,614,001
Building and Improvements	15,591,570
Infrastructure	30,664,618
Machinery and Equipment	18,538,625
Vehicles	<u>4,916,502</u>
Total	94,655,093
Less: Accumulated Depreciation	<u>54,219,597</u>
Net Capital Assets	<u>\$ 40,435,496</u>

### **Long-Term Debt**

A recap of long-term as of December 31, 2016 is as follows:

	<u>Governmental Activities 2016</u>	
	<u>2016</u>	<u>2015</u>
Bond Anticipation Notes	\$ 2,604,000	\$ 3,425,000
Tax Anticipation Notes	1,800,000	1,800,000
Serial Bonds Notes	3,325,000	3,585,000
Leases Payable	<u>353,757</u>	<u>-</u>
	8,082,757	8,810,000
Less Current Portion	<u>4,843,528</u>	<u>5,550,000</u>
Total Long-Term Debt	<u>\$ 3,239,229</u>	<u>\$ 3,260,000</u>

The New York State Constitution establishes a debt limit of 7% of the most recent five-year average valuation of taxable real estate in the City. Certain properties in the City are exempt from taxable status, which comprised approximately 60% of the total property value in the City. At December 31, 2016 the total indebtedness subject to its Constitutional Debt limit was \$ 4,362,009 or 22.86% of its limit.

Moody's Investors Service has downgraded the City's general obligation limited tax (GOLT) rating to Baa2 from Baa1. The downgrade reflects the continued decline in the City's liquidity and reserves.

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

In 2016 the City issued a Tax Anticipation Note (TAN) for \$ 1,800,000. This will be paid off in 2017.

## **6. ECONOMIC FACTORS**

The City of Ogdensburg is working with the Ogdensburg Bridge and Port Authority to expand the services currently offered at the Authority's Ogdensburg Airport. The \$ 25 million airport expansion began offering new flights in October 2016. The project has received \$ 7.6 million in funding from the Federal Aviation Administration, and \$ 1 million from Allegiant Air towards the project along with over \$ 1.7 million invested by the Authority to date.

The expansion includes infrastructure improvements to accommodate the operational requirements of Allegiant Air, a 177 passenger Airbus 320 aircraft including a 1,200-foot extension of Runway 27, taxiway widening and extension, runway approach lighting improvements, relocation of a section of NYS Route 68 to accommodate the runway extension, and obstruction removal. Additional improvements to facility will include a 4,000SF terminal addition and a 423 space parking area. This expansion resulted in the FAA reclassifying the Airport from a Class II Index A to a Class I Index B facility. Class I airports can accommodate aircraft for at minimum 31 passenger seating (large aircraft).

Allegiant Air will join Cape Air by providing added passenger service. Cape Air has been operating out of the Ogdensburg airport with three daily flights to Albany, NY and Boston, MA. Cape Air has also opened a downtown office to entice leisure travelers to connect to their Caribbean destinations. Allegiant Air will start offering non-stop air service to two Florida destinations; Orlando and Ft. Lauderdale. OBPA anticipates this new service will result in 40,000 passengers annually utilizing the Ogdensburg location.

City officials are working with partners from the state to acquire and develop over 160 acres of underutilized lands at Ogdensburg's St. Lawrence Psychiatric Center (SLPC) which includes a cogeneration plant. Upgrades to this cogeneration facility will help ensure the longer-term stability of existing jobs, while also making available lands more attractive to private developers that could potentially create new jobs in Ogdensburg. The City has secured an agreement with the State to negotiate an acquisition on 45 of the 160 acres with frontage on State Highway 37, adjacent to the cogeneration plant.

Following the completion of Defelsko's 25,000 SF expansion in the City's industrial park, the company plans to hire 25 additional employees over the next five years. Also in the City's industrial park, MAXAM has completed construction of their 3,000 SF chemical production facility. The new facility has 6 employees with plans to hire up to 4 more in the future. The company produces an oxidizer that is used as a constituent of explosives for construction and mining operations. Yet another manufacturer expanding in Ogdensburg is ANSEN Corp. ANSEN is an electric manufacturer employing 200 with plans for expansion that will add 30 + jobs. The company assembles circuit boards used in industrial controls, medical, energy, lighting, power, transportation, and agriculture applications. ANSEN is expanding in Ogdensburg to include upper level electronics assembly. To facilitate this expansion, the company is acquiring an additional building, 40,000 SF within Commerce Park that is presently unoccupied. Outside the industrial park, adjacent to the City's Port Facility is Hoosier Magnetics. Hoosier Magnetics is the largest independent producer of ferrite powder in the world. The powder is used in the magnetics industry. The facility presently produces 60 million pounds of ferrite powder annually, with the capacity to increase that to 100 million pounds. The City in partnership with the Ogdensburg Growth Fund has worked with the company and the St. Lawrence Country IDA to provide the needed capital to replace the kiln system and upgrade the emission controls. This project helped retain 33 jobs in Ogdensburg.

## **7. REQUEST FOR INFORMATION**

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

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

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

**ASSETS**

**Current Assets**

Cash	
Cash - Unrestricted	\$ 3,335,867
Cash - Restricted	662,115
Receivables	
Accounts and Other Receivables (Net)	1,519,868
Taxes Receivable (Net)	2,549,056
Due from Other Governments	341,353
State and Federal Receivables	388,143
Prepaid Expenses	50,092
Investments	<u>1,557,942</u>
Total Current Assets	<u>10,404,436</u>

**Noncurrent Assets**

Capital Assets (Net)	<u>40,435,495</u>
Total Assets	<u>50,839,931</u>

**Deferred Outflows of Resources**

Deferred Outflows - Pensions	<u>6,799,314</u>
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Total Assets and Deferred Outflows of Resources	<u>57,639,245</u>
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**Liabilities**

**Current Liabilities**

Accounts Payable	\$ 678,158
Accrued Liabilities	314,961
Accrued Interest Payable	64,447
Due to Other Governments	1,878,385
Bond Anticipation Note Payable	2,604,000
Tax Anticipation Note Payable	1,800,000
Current Portion of Long-Term Debt	<u>439,528</u>
Total Current Liabilities	<u>7,779,479</u>

**Noncurrent Liabilities**

Serial Bonds Payable	2,970,000
Capital Leases Payable	269,229
Due to Employee Retirement System	474,696
Compensated Absences	814,043
Judgements and Claims Payable	3,596,459
Net Pension Liability - Proportionate Share	5,504,660
Post Employment Benefits other than Pensions	<u>6,086,535</u>
Total Noncurrent Liabilities	<u>19,715,622</u>

Total Liabilities	<u>27,495,101</u>
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**Deferred Inflows of Resources**

Deferred Inflows - Pension	<u>\$ 810,397</u>
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**Net Position**

Invested in Capital Assets, Net of Related Debt	36,756,738
Restricted for Reserves	662,115
Unrestricted (Deficit)	<u>(8,085,106)</u>
Total Net Position	<u>29,333,747</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 57,639,245</u>
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**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Functions/Programs</b>	<b>Expenditures</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Government Activities</b>
General Government Support	\$ 2,210,348	\$ 168,288	\$ 1,738,466	\$ 1,822,819	\$ 1,519,225
Public Safety and Health	8,888,990	176,148	-	61,875	(8,650,967)
Transportation	2,628,633	63,983	394,662	-	(2,169,988)
Economic Assistance and Opportunity	16,975	-	-	-	(16,975)
Culture and Recreation	2,347,137	70,000	358,617	-	(1,918,520)
Home and Community Services	4,531,479	4,775,114	250,652	-	494,287
Interest on Debt	183,664	-	-	-	(183,664)
Judgements and Claims - Current Year	517,062	-	-	-	(517,062)
Compensated Absences - Current Year	(18,711)	-	-	-	18,711
Total Functions and Programs	<u>\$ 21,305,577</u>	<u>\$ 5,253,533</u>	<u>\$ 2,742,397</u>	<u>\$ 1,884,694</u>	<u>\$ (11,424,953)</u>
<b>General Revenues</b>					
Real Property Taxes					\$ 4,629,724
Real Property Tax Items					166,873
Non Property Tax Items					3,737,151
Departmental Income					219,859
Intergovernmental Charges					3,922
Use of Money and Property					4,650
Licenses and Permits					47,623
Fines and Forfeitures					63,078
Gain on Disposal of Fixed Assets					47,982
Miscellaneous Local Sources					30,405
State Aid not Restricted to Specific Programs					58,366
Total General Revenues					<u>9,009,633</u>
<b>Change in Net Position</b>					(2,415,320)
Total Net Position - January 1					<u>31,749,067</u>
Total Net Position - December 31					<u>\$ 29,333,747</u>

See notes to financial statements.



**CITY OF OGDENSBURG**

**BALANCE SHEETS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash - Unrestricted	\$ 1,411,201	\$ 1,728,676	\$ 195,990	\$ 3,335,867
Cash - Restricted	511,597	150,518	-	662,115
Taxes Receivable (Net)	2,549,056	-	-	2,549,056
Other Receivables (Net)	163,295	1,352,135	4,438	1,519,868
State and Federal Receivables	-	29,319	358,824	388,143
Investments	-	53,308	1,504,634	1,557,942
Due from Other Funds	1,061,799	1,437,317	964,248	3,463,364
Due from Other Governments	341,353	-	-	341,353
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 6,038,301</u>	<u>\$ 4,751,273</u>	<u>\$ 3,028,134</u>	<u>\$ 13,817,708</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	249,378	226,837	201,943	678,158
Accrued Liabilities	224,961	-	90,000	314,961
Accrued Interest Payable	64,447	-	-	64,447
Tax Anticipation Note Payable	1,800,000	-	-	1,800,000
Bond Anticipation Note Payable	-	-	2,604,000	2,604,000
Due to Other Funds	1,200,691	774,197	1,488,476	3,463,364
Due to Other Governments	1,878,385	-	-	1,878,385
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>5,417,862</u>	<u>1,001,034</u>	<u>4,384,419</u>	<u>10,803,315</u>
 <b>Fund Balances</b>				
Restricted	511,597	150,518	-	662,115
Unassigned	108,842	3,599,721	(1,356,285)	2,352,278
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>620,439</u>	<u>3,750,239</u>	<u>(1,356,285)</u>	<u>3,014,393</u>
 Total Liabilities and Fund Balances	<u>\$ 6,038,301</u>	<u>\$ 4,751,273</u>	<u>\$ 3,028,134</u>	<u>\$ 13,817,708</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	<b>Total Governmental Funds</b>	<b>Long-Term Assets - Liabilities</b>	<b>Reclassifications and Eliminations</b>	<b>Statement of Net Position Totals</b>
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 3,335,867	\$ -	\$ -	\$ 3,335,867
Restricted	662,115	-	-	662,115
Receivables				
Due from Other Funds	3,463,364	-	(3,463,364)	-
Accounts Receivable	1,519,868	-	-	1,519,868
State and Federal Receivables	388,143	-	-	388,143
Due from Other Governments	341,353	-	-	341,353
Taxes Receivable	2,549,056	-	-	2,549,056
Prepaid expenses	-	50,092	-	50,092
Investments	1,557,942	-	-	1,557,942
Land, Buildings, and Equipment (Net)	-	40,435,495	-	40,435,495
Total Assets	<u>\$ 13,817,708</u>	<u>\$ 40,485,587</u>	<u>\$ (3,463,364)</u>	<u>\$ 50,839,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Pension	<u>\$ -</u>	<u>\$ 6,799,314</u>	<u>\$ -</u>	<u>\$ 6,799,314</u>
<b>LIABILITIES</b>				
Payables				
Accounts Payable	678,158	-	-	678,158
Accrued Liabilities	314,961	-	-	314,961
Accrued Interest Payable	64,447	-	-	64,447
Due to other Funds	3,463,364	-	(3,463,364)	-
Serial Bonds Payable	-	3,325,000	-	3,325,000
Tax Anticipation Note Payable	1,800,000	-	-	1,800,000
Bond Anticipation Note Payable	2,604,000	-	-	2,604,000
Capital Leases Payable	-	353,757	-	353,757
Due to Other Governments	1,878,385	-	-	1,878,385
Due to Employee Retirement System	-	474,696	-	474,696
Post-Employment Benefits other than Pensions	-	6,086,535	-	6,086,535
Judgements and Claims Payable	-	3,596,459	-	3,596,459
Net Pension Liability - Proportionate Share	-	5,504,660	-	5,504,660
Compensated Absences	-	814,043	-	814,043
Total Liabilities	<u>10,803,315</u>	<u>20,155,150</u>	<u>(3,463,364)</u>	<u>27,495,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Pension	<u>-</u>	<u>810,397</u>	<u>-</u>	<u>810,397</u>
<b>FUND BALANCE/NET ASSETS</b>				
Total Fund Balance/Net Assets	<u>3,014,393</u>	<u>26,319,354</u>	<u>-</u>	<u>29,333,747</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balance / Net Position	<u>\$ 13,817,708</u>	<u>\$ 47,284,901</u>	<u>\$ (3,463,364)</u>	<u>\$ 57,639,245</u>
 Total Governmental Fund Balance				\$ 3,014,393
Capital Assets used in Governmental Activities are not financial resources and therefore not reported in the Funds.				40,435,495
<b>GASB 45</b> - Valuation of Post-Employment Benefits other than pensions are not due and payable in the current period and therefore are not reported in the Funds.				(6,086,535)
<b>GASB 68</b> - Recognition of Assets (Prepaid Expenses), Liabilities (Net Pension Liability - Proportionate Share), and Deferred Outflows and Inflows of Pension Costs in the Governmental Activities and not reported in the Funds - Net.				59,653
Long-Term Liabilities, including Bonds Payable are not due and payable in the current period and therefore are not reported in the funds.				(8,089,259)
Net Position of Governmental Activities				<u>\$ 29,333,747</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Real Property Taxes	\$ 4,629,724	\$ -	\$ -	\$ 4,629,724
Real Property Tax Items	196,680	-	-	196,680
Non-Property Tax Items	3,737,151	-	-	3,737,151
Departmental Income	453,421	4,825,304	-	5,278,725
Intergovernmental Charges	165,844	3,922	-	169,766
Use of Money and Property	83,093	1,027	-	84,120
Licences and Permits	47,623	-	-	47,623
Fines and Forfeitures	63,078	-	-	63,078
Sale of Property and Compensation for Losses	40,045	7,936	-	47,981
Miscellaneous Local Sources	10,404	356,117	208,088	574,609
State Aid	2,176,973	-	1,449,347	3,626,320
Federal Aid	78,241	207,221	149,018	434,480
Total Revenues	<u>11,682,277</u>	<u>5,401,527</u>	<u>1,806,453</u>	<u>18,890,257</u>
<b>EXPENDITURES</b>				
General Government Support	1,567,386	287,930	65,000	1,920,316
Public Safety and Health	7,487,033	-	145,342	7,632,375
Transportation	2,091,237	-	367,182	2,458,419
Economic Assistance and Opportunity	16,975	-	-	16,975
Culture and Recreation	705,133	1,074,634	15,558	1,795,325
Home and Community Services	297,194	3,634,516	30,000	3,961,710
Employee Benefits	-	10,000	-	10,000
Debt Service: Principal	149,672	246,328	-	396,000
Debt Service: Interest	131,723	51,941	-	183,664
Total Expenditures	<u>12,446,353</u>	<u>5,305,349</u>	<u>623,082</u>	<u>18,374,784</u>
Excess (Deficiency) of Revenues Over Expenditures	(764,076)	96,178	1,183,371	515,473
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds of refunding bonds	-	-	1,685,000	1,685,000
Payments to Escrow Agent	-	-	(1,620,000)	(1,620,000)
BANs Redeemed from appropriation	-	-	71,000	71,000
Operating Transfers In	803,069	965,239	14,094	1,782,402
Operating Transfers (Out)	(795,239)	(979,186)	(7,977)	(1,782,402)
Total Other Sources (Uses)	<u>7,830</u>	<u>(13,947)</u>	<u>142,117</u>	<u>136,000</u>
Excess (Deficit) Revenues Over Expenditures and other Financing Sources (Uses)	(756,246)	82,231	1,325,488	651,473
<b>Fund Balance - Beginning of Year</b>	<u>1,376,685</u>	<u>3,668,008</u>	<u>(2,681,773)</u>	<u>2,362,920</u>
<b>Fund Balance - End of Year</b>	<u>\$ 620,439</u>	<u>\$ 3,750,239</u>	<u>\$ (1,356,285)</u>	<u>\$ 3,014,393</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

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

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Total Governmental Funds</b>	<b>Long-Term Revenues - Expenses</b>	<b>Capital Related Items</b>	<b>Long-Term Debt Transactions</b>	<b>Statement of Activities Totals</b>
<b>Revenues</b>					
Real Property Taxes	\$ 4,629,724	\$ -	\$ -	\$ -	\$ 4,629,724
Real Property Tax Items	196,680	-	-	-	196,680
Non-Property Tax Items	3,737,151	-	-	-	3,737,151
Departmental Income	5,278,725	-	-	-	5,278,725
Inter-Governmental Charges	169,766	-	-	-	169,766
Use of Money and Property	84,120	-	-	-	84,120
Licenses and Permits	47,623	-	-	-	47,623
Fines and Forfeitures	63,078	-	-	-	63,078
Sale of Property and Compensation for Losses	47,981	-	-	-	47,981
Miscellaneous Local Sources	574,609	-	-	-	574,609
State Aid	3,626,320	-	-	-	3,626,320
Federal Aid	434,480	-	-	-	434,480
<b>Total Revenues</b>	<b>18,890,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,890,257</b>
<b>Expenditures/Expenses</b>					
General Government Support	1,920,316	62,854	-	227,178	2,210,348
Public Safety and Health	7,632,375	162,376	(157,720)	1,251,959	8,888,990
Transportation	2,458,419	386,039	(376,779)	160,954	2,628,633
Economic Assistance and Opportunity	16,975	-	-	-	16,975
Culture and Recreation	1,795,325	301,411	(18,138)	268,539	2,347,137
Home and Community Service	3,961,710	511,528	(274,206)	332,447	4,531,479
Employee Benefits	10,000	(10,000)	-	-	-
Debt Service					
Principal	396,000	-	-	(396,000)	-
Interest	183,664	-	-	-	183,664
Compensated Absences	-	-	-	(18,711)	(18,711)
Judgements and Claims Payable	-	-	-	517,062	517,062
<b>Total Expenditures</b>	<b>18,374,784</b>	<b>1,414,208</b>	<b>(826,843)</b>	<b>2,343,428</b>	<b>21,305,577</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>515,473</b>	<b>(1,414,208)</b>	<b>826,843</b>	<b>(2,343,428)</b>	<b>(2,415,320)</b>
<b>Other Sources and Uses</b>					
Proceeds of refunding bonds	1,685,000	-	-	(1,685,000)	-
Payments to Escrow Agent	(1,620,000)	-	-	1,620,000	-
BANs redeemed from appropriation	71,000	-	-	(71,000)	-
Operating Transfers In	1,782,402	-	-	-	1,782,402
Operating Transfers (Out)	(1,782,402)	-	-	-	(1,782,402)
<b>Total Other Sources (Uses)</b>	<b>136,000</b>	<b>-</b>	<b>-</b>	<b>(136,000)</b>	<b>-</b>
<b>Net Change For The Year</b>	<b>\$ 651,473</b>	<b>\$ (1,414,208)</b>	<b>\$ 826,843</b>	<b>\$ (2,479,428)</b>	<b>\$ (2,415,320)</b>
<b>Net Change in Fund Balances</b>					<b>\$ 651,473</b>
Depreciation Expense recorded in the Statement of Activities, but not in the Governmental Funds					(1,414,208)
Expenditures for Acquisition (Disposition) of Capital Assets recorded in the Governmental Funds, but not in the Statement of Activities					826,843
Repayment (Proceeds) of Bond and Capital Lease Principal recorded as an expenditure in the Governmental Funds, but not in the Statement of Activities					355,247
Expenditure for <b>GASB 45</b> valuation of Post-Employment Benefits other than Pensions recorded in the Statement of Activities, but not in the Governmental Funds					(729,903)
Adjustment to Expenditures for <b>GASB 68</b> current year actual Pension Costs recorded in the Statement of Activities, but not in the Governmental Funds					(1,606,421)
Compensated Absences and Judgements and Claims Payable measured by the amounts earned during the year in the Statement of Activities, but measured by payments in the Governmental Funds					(498,351)
<b>Change in Net Position of Governmental Activities</b>					<b>\$ (2,415,320)</b>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
DECEMBER 31, 2016**

**Assets**

Cash - Unrestricted	\$	43,184
Investments		<u>4,262,134</u>
Total Assets	\$	<u><u>4,305,318</u></u>

**Liabilities**

Agency Liabilities	\$	43,462
Deferred Compensation		<u>4,261,856</u>
Total Liabilities	\$	<u><u>4,305,318</u></u>

**CITY OF OGDENSBURG, NEW YORK**

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS  
AND LIABILITIES AGENCY FUND  
DECEMBER 31, 2016**

	<b>Balance January 1, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance December 31, 2016</b>
<b>Assets</b>				
Cash - Unrestricted	\$ 35,647	\$ 3,383,030	\$ 3,375,493	\$ 43,184
Due from Other Funds	232	-	232	-
Investments	<u>4,136,807</u>	<u>125,327</u>	<u>-</u>	<u>4,262,134</u>
 Total Assets	 <u>\$ 4,172,686</u>	 <u>\$ 3,508,357</u>	 <u>\$ 3,375,725</u>	 <u>\$ 4,305,318</u>
 <b>Liabilities</b>				
Agency Liabilities	\$ 35,058	\$ 1,471,647	\$ 1,463,243	\$ 43,462
Deferred Compensation	<u>4,137,628</u>	<u>459,848</u>	<u>335,620</u>	<u>4,261,856</u>
 Total Liabilities	 <u>\$ 4,172,686</u>	 <u>\$ 1,931,495</u>	 <u>\$ 1,798,863</u>	 <u>\$ 4,305,318</u>

See notes to financial statements.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

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

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

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

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

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

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

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**Basis of Presentation**

**Government-Wide Statements**

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

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



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Cash and Investments**

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

**Property Taxes**

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

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

At December 31, 2016, real property tax receivables were \$ 2,549,056. Returned school taxes are offset by a liability to the school district in the same amount.

**Accounts Receivable**

Accounts receivable are shown net, with uncollectible amounts determined by management. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. Certain receivables are in the process of litigation. An allowance has not been established for these receivables as the outcome of litigation is not yet determinable. The balance of these receivables at December 31, 2016 was approximately \$ 1,163,255.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Due To/From Other Funds**

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

**Capital Assets**

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

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

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

**Vested Employee Benefits**

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

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

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

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

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

**CITY OF OGDENSBURG, NEW YORK**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

In addition to providing the retirement benefits described in Note 1, the City provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the City Council.

The City is self-insured for health insurance and uses a third party administrator to run the Plan. It has a major medical plan which pays 80% of approved claims, with the enrollee paying the other 20%. This applies for those retirees, and dependents, that wish to take coverage under the Plan. Each group of retirees pays a portion of the monthly premium, set by the City's actuary, for their coverage.

The City also provides Medicare Part B reimbursement coverage for eligible retired employees, depending on which union they were in and when they were hired.

In 2004, the Governmental Accounting Standards Board (GASB) released *Statement No. 45 (GASB 45)* concerning health and other non-pension benefits for retired public employees. *GASB 45* was issued to provide more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB as part of employee compensation. In 2009, the City implemented *GASB 45*.

**Budgetary Procedures and Budgetary Accounting**

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

The City employs the following budgetary procedures:

- a. No later than November 1, the City Manager submits a tentative budget to the Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City, except the Insurance Fund.
- b. After public hearings are conducted to obtain taxpayer comments, but not later than December 20, the governing board adopts the budget.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- c. All revisions that alter appropriations of any department or fund must be approved by the governing board. However, the comptroller is authorized to transfer certain budgeted amounts within departments, provided such transfer does not exceed 5% of the department's budget and is reported to the council at its next meeting.
- d. Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects.

**Encumbrance Accounting**

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

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

Deferred Revenue

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

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

Restricted Resources

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

**Fund Balance – Reservations and Designations**

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

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Inventories**

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

**Insurance**

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

**Use of Estimates**

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

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Management has reviewed and evaluated all events and transactions from January 1, 2017 through September 29, 2017 for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the date of the financial statements required to be recognized or disclosed in the accompanying financial statements.

**Deferred Outflows / Inflows of Resources**

GASB Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resource is a consumption of net assets that applies to future periods, and as such, will not be recognized as an outflow of resource (expense/expenditure) until that time. A deferred inflow of resource is an acquisition of net assets that applies to future periods, and as such, will not be recognized as an inflow of resource (revenue) until that time.

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 government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-Wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Government-Wide 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 total contributions to the pension systems not included in pension expense. Lastly are the City contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Government-Wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability (PFRS and ERS Systems) and difference during the measurement periods between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**PENSION OBLIGATIONS**

**Plan Descriptions And Benefits Provided**

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Tiers 1 and 2*

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

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

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

*Tiers 3, 4, and 5*

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

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

**CITY OF OGDENSBURG, NEW YORK**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Tier 6*

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

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

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

**Ordinary Disability Benefits**

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

**Accidental Disability Benefits**

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

*Tiers 3, 4, and 5*

**Ordinary Death Benefits**

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

**CITY OF OGDENSBURG, NEW YORK**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Post-Retirement Benefit Increases**

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

**Contributions**

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

<u>CONTRIBUTIONS</u>	<u>ERS</u>	<u>PFRS</u>
2016	\$ 863,784	\$ 705,510
2015	\$ 917,319	\$ 749,141
2014	\$ 747,013	\$ 611,130

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

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

At December 31, 2016, the City reported the following asset (liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2016 for both PFRS and ERS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	<u>PFRS</u>	<u>ERS</u>
Actuarial Valuation Date	4/1/2015	4/1/2015
Net Pension Asset/(Liability)	\$ (2,960,787,000)	\$ (16,050,279,000)
City's Portion of the Plan's Total Net Pension Asset/(Liability)	\$ (3,230,185)	\$ (2,274,475)
	.109098%	.014170%

For the year ended December 31, 2016, the City recognized pension expense of \$ 1,180,206 for PFRS and \$ 813,692 for ERS. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>
Difference between Expected Actual Experience	\$ 28,972	\$ 11,493	\$ 488,365	\$ 269,601
Changes of Assumptions	1,392,522	606,534	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,810,258	1,349,343	-	-
Changes in Proportion and Difference between the City's Contributions and Proportionate Share of Contributions	11,595	19,303	41,383	11,048
Employer Contributions Subsequent To the Measurement Date	<u>889,920</u>	<u>679,374</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,133,267</u>	<u>\$2,666,047</u>	<u>\$529,748</u>	<u>\$280,649</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	<u>PFRS</u>	<u>ERS</u>
2017	\$ 638,913	\$ 431,740
2018	638,913	431,740
2019	638,913	431,740
2020	613,708	410,804
2021	183,150	-
Thereafter	-	-

**ACTUARIAL ASSUMPTIONS**

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>PFRS</u>	<u>ERS</u>
Measurement Date	3/31/2016	3/31/2016
Actuarial Valuation Date	4/01/2015	4/01/2015
Interest Rate	7.0%	7.0%
Salary Scale (Indexed by Service)	4.5%	3.8%
Decrement Tables	4/1/2010 to 3/31/2015 Systems Experience	4/1/2010 to 3/31/2015 Systems Experience
Inflation Rate	2.5%	2.5%

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

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 OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Rates of Return</u>
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Strategies	3%	8.60%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-Indexed Bonds	2%	4.00%

**DISCOUNT RATE**

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

**CITY OF OGDENSBURG, NEW YORK**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

	1% Decrease (6.0)%	Current Assumption (7.0)%	1% Increase (8.0)%
<b>PFRS</b>			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (7,214,959)	\$ (3,230,185)	\$ 109,918
<b>ERS</b>			
Employers Proportionate Share of the Net Pension Asset (Liability)	\$ (5,128,776)	\$ (2,274,475)	\$ 137,287

**PENSION PLAN FIDUCIARY NET POSITION**

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

	PFRS	ERS	TOTAL
Employer's Total Pension (Liability)	\$(30,347,727,000)	\$ (172,303,544,000)	\$(202,651,271,000)
Plan Net Position	27,386,940,000	156,253,265,000	183,640,205,000
Employer's Net Pension Asset (Liability)	\$ (2,960,787,000)	\$ (16,050,279,000)	\$ (19,011,066,000)
Ration of Plan Net Position to the Employer's Total Pension Asset (Liability)	90.2%	90.7%	90.6%

**CITY OF OGDENSBURG, NEW YORK**  
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**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

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

1. *Long-Term Revenue Differences:*

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. *Capital Related Differences:*

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. *Long-Term Debt Transaction Differences:*

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**Assets**

1. Cash on Deposit/Collateral

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

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

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

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

**Deposits**

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

Total financial institution (bank) balances at December 31, 2016, per the banks were \$ 4,371,605. These deposits are categorized as follows:

1	2	3	Carrying Value
\$ 250,000	\$ 4,121,605	\$ -	\$ 4,371,605

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

2. Unrestricted Cash - At December 31, 2016, unrestricted cash consisted of the following:

	<u>Checking Accounts</u>	<u>Savings Account</u>	<u>Petty Cash</u>	<u>Total</u>
General	\$ 1,410,326	\$ -	\$ 875	\$ 1,411,201
Special Revenue				
Community				
Development	-	114,561	-	114,561
Library/ Remington	88,383	-	100	88,483
Sewer	907,889	-	-	907,889
Water	324,975	-	-	324,975
Insurance	292,768	-	-	292,768
Capital	<u>195,990</u>	<u>-</u>	<u>-</u>	<u>195,990</u>
Total	<u>\$ 3,220,331</u>	<u>\$ 114,561</u>	<u>\$ 975</u>	<u>\$ 3,335,867</u>

3. Restricted Cash - Restricted cash of \$ 44,766 in the Special Revenue (Insurance) Fund is being held for future unemployment insurance claims and \$ 105,752 in the Community Development Fund is being held for community development projects. The General Fund has restricted cash of \$ 511,597 held for various reserves described in NOTE 3 - Fund Equity. Total restricted cash is \$ 662,115.
4. Investment Pool - The City participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At December 31, 2016, the City's share, \$ 1,557,942, of the pooled investments consisted of various investments in securities issued by the United States and its agencies. The investments are highly liquid and are considered to be cash equivalents.

The following amounts are classified as investments on the City's combined balance sheet:

<u>Fund</u>	<u>Amount</u>	
Capital Projects	\$ 1,504,634	Investment Pool
Community Development	<u>53,308</u>	Investment Pool
	<u>\$ 1,557,942</u>	

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

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

5. Capital Assets - Capital asset balances and activity for the year ended December 31, 2016 were as follows:

	Balance at 12/31/15	Additions	Disposals	Balance at 12/31/16
Governmental Activities				
Non Depreciable Capital Assets				
Land	\$ 6,776,899	\$ -	\$ -	\$ 6,776,899
Construction in Progress	<u>12,185,694</u>	<u>367,184</u>	<u>-</u>	<u>12,552,878</u>
Total	<u>18,962,593</u>	<u>367,184</u>	<u>-</u>	<u>19,329,777</u>
Depreciable Capital Assets				
Land Improvements	5,614,001	-	-	5,614,001
Buildings and Improvements	15,465,158	126,412	-	15,591,570
Infrastructure	30,569,637	94,981	-	30,664,618
Machinery and Equipment	18,480,311	87,808	29,494	18,538,625
Vehicles	<u>4,549,980</u>	<u>601,223</u>	<u>234,701</u>	<u>4,916,502</u>
Total	<u>74,679,087</u>	<u>910,424</u>	<u>264,195</u>	<u>75,325,316</u>
Less: Accumulated Depreciation				
Land Improvements	5,364,991	58,150	-	5,423,141
Buildings and Improvements	6,759,272	288,603	-	7,047,875
Infrastructure	22,232,018	507,399	-	22,739,417
Machinery and Equipment	15,346,083	323,379	27,732	15,641,730
Vehicles	<u>3,365,458</u>	<u>236,677</u>	<u>224,701</u>	<u>3,367,434</u>
Total	<u>53,067,822</u>	<u>1,414,208</u>	<u>262,433</u>	<u>54,219,597</u>
Depreciable Capital Assets (Net)	<u>21,611,265</u>	<u>(503,784)</u>	<u>1,762</u>	<u>21,105,719</u>
Total	<u>\$ 40,573,858</u>	<u>\$ (136,600)</u>	<u>\$ 1,762</u>	<u>\$ 40,435,496</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Function/Program	
General Governmental Support	\$ 61,882
Public Safety	157,017
Transportation	385,226
Culture and Recreation	300,236
Home and Community	<u>509,847</u>
Total Depreciation	\$ <u>1,414,208</u>

**Liabilities**

**1. Postemployment Benefits Other Than Pensions**

Total expenditures charged to operations for the year ended December 31, 2016 amounted to \$ 729,903. At December 31, 2016, the postemployment benefit liability for retired employees amounted to \$ 6,086,535.

The number of participants as of December 31, 2016 was as follows:

Active Employees	109
Retired Employees	105
Spouse of Retired Employees	<u>35</u>
Total	<u>249</u>

Funding Policy - The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Annual Other Postemployment Benefit Cost (OPEB) - for the year ended December 31, 2016, the annual OPEB cost amounted to \$ 1,811,949.

**Benefit Obligations and Normal Cost**

Actuarial Accrued Liability (AAL)	\$ <u>33,122,102</u>
Underfunded Actuarial Accrued (UAAL)	\$ <u>33,122,102</u>
Normal Cost for Fiscal Year	418,521
Amortization of Unfunded UAAL	<u>1,410,556</u>
Annual Required Contribution	\$ <u>1,829,077</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

Annual Required Contribution (ARC)	\$ 1,829,077
Interest on Net OPEB Obligation	214,265
Adjustment to Annual Required Contribution	<u>(231,393)</u>
Annual OPEB Cost (Expense)	1,811,949
Contributions Made	<u>1,082,046</u>
Increase in Net OPEB Obligation	729,903
Net OPEB Obligation at Beginning of Year	<u>5,356,632</u>
Net OPEB Obligation at End of Year	<u>\$ 6,086,535</u>
Actuarial Methods and Assumptions	
Discount Rate	4.00%
Initial Medical Rate	5.20%
Ultimate Medical Rate	3.80%

**2. Short-Term Debt**

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

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

The following is an analysis of BAN's outstanding as of December 31, 2016.

<u>Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount Outstanding</u>
Capital Fund	4/28/16	\$ 2,604,000	4/28/17	2.00%	<u>\$ 2,604,000</u>

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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

<u>Description</u>	<u>Balance at 12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/16</u>
Capital Fund	\$ 46,000	\$ -	\$ 46,000	\$ -
Capital Fund	3,379,000	2,604,000	3,379,000	<u>2,604,000</u>
Total				<u>\$ 2,604,000</u>

**Tax Anticipation Notes** - General Fund - a Tax Anticipation Note, with an interest rate of 2.00%, was issued on July 28, 2016 for \$ 1,800,000 and matures on July 28, 2017. The proceeds were used for the payment of operating expenses incurred in operating the City for the 2016 year.

**3. Due to Other Governments**

At December 31, 2016, Due to Other Governments consisted of the following:

Due to Ogdensburg City School District	\$ 252,125
Due to St. Lawrence County	<u>1,626,260</u>
	<u>\$ 1,878,385</u>

**4. Long-Term Debt**

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

**Advance Refunding of Bonds** - On August 25, 2016, the City issued \$ 1,685,000 in General Obligation Bonds with an average interest rate of 2.18 percent to refund \$ 1,620,000 of outstanding 2007 Series Bonds which had an average interest rate of 4.39 percent. The net proceeds of \$ 1,652,734 (after payment of \$ 76,515 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 Series Bonds. As a result, 2007 Series Bonds will be considered to be defeased in August of 2027. The City advance refund of the 2007 Series Bonds was done to reduce its total debt service payments over the next eleven years by \$ 138,796 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of approximately \$ 119,000.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

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

**Capital Leases** - During 2016, the City entered into the following capital lease obligations:

- Five-year lease dated May 5, 2016 in the amount of \$ 50,269 with interest at 2.46% per annum and annual payments of \$ 10,554 for the purchase of a Volvo skid-steer loader.
- Five-year lease dated March 17, 2016 in the amount of \$ 97,724 with interest at 2.67% per annum and annual payments of \$ 20,588 for the purchase of a 2016 International dump truck.
- Five-year lease dated May 6, 2016 in the amount of \$ 144,780 with interest at 3.10% per annum and annual payments of \$ 30,780 for the purchase of a Caterpillar wheel loader.
- Five-year lease dated September 28, 2016 in the amount of \$ 128,639 with interest at 2.66% per annum and annual payments of \$ 27,096 for the purchase of a 2017 International dump truck.
- Five-year lease dated July 11, 2016 in the amount of \$ 27,592 with interest at 6.45% per annum and annual payments of \$ 6,229 for the purchase of a 2016 Ford F250 pick-up truck.

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2016 were as follows:

2017	\$ 95,247
2018	95,247
2019	95,247
2020	<u>95,247</u>
Total Lease Payments	380,988
Less Amount Representing Interest	<u>27,231</u>
Present Value of Future Minimum Lease Payments	<u>\$ 353,757</u>

The following is a summary of long-term liabilities outstanding at December 31, 2016:

Serial Bonds – Non Current Portion	\$ 2,970,000
Capital Leases Payable	269,229
Due to Employee Retirement System	474,696
Compensated Absence	814,043
Judgements and Claims	3,596,459
Net Pension Liability – Proportionate Share	5,504,660
OPEB	<u>6,086,535</u>
Total Long Term Liabilities	<u>\$ 19,715,622</u>

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

The following is a summary of changes in Long-Term Liabilities for the period ended December 31, 2016.

	Balance at 12/31/15	Increases	Decreases	Balance at 12/31/16	Due Within One Year
Serial Bonds	\$ 3,585,000	\$ 1,685,000	\$ 1,945,000	\$ 3,325,000	\$ 355,000
Capital Leases	-	449,004	95,247	353,757	95,247
Compensated Absences	832,754	-	18,711	814,043	-
Judgements and Claims	3,079,397	517,062	-	3,596,459	-
Net Pension Liability	754,538	4,750,122	-	5,504,660	-
OPEB	<u>5,356,632</u>	<u>729,903</u>	<u>-</u>	<u>6,086,535</u>	<u>-</u>
	<u>\$ 13,608,321</u>	<u>\$ 8,131,091</u>	<u>\$ 2,058,958</u>	<u>\$ 19,680,454</u>	<u>\$ 450,247</u>

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

Description	Issued	Original Amount	Interest Rate(VAR)	Final Maturity	Outstanding 12/31/2016
Elizabeth Street Reconstruction	2012	\$ 1,292,905	2.0%	2023	\$ 846,452
Caroline Street Sewer	2012	42,160	2.0%	2023	27,602
Sewage Treatment Plant	2012	579,699	2.0%	2023	379,524
Water Tower Painting	2012	221,339	2.0%	2023	144,909
Mansion Avenue Transmission	2012	158,097		2023	103,504
New Park Recreation Area	2012	210,800	2.0%	2023	138,009
Public Improvements	2016	2,145,000	1.5%	2027	<u>1,685,000</u>
Sub Total					\$ 3,325,000
Current Portion of Long-Term Debt					(355,000)
Noncurrent Portion of Long-Term Debt					<u>\$ 2,970,000</u>

The following tables summarize the City's future debt service requirements as of December 31, 2016:

**Serial Bonds**

Year End Date	<u>Principal</u>	<u>Interest</u>
2017	\$ 355,000	\$ 79,985
2018	365,000	73,750
2019	375,000	65,663
2020	380,000	56,075
2021	390,000	45,413
2022 – 2026	1,290,000	102,719
2027	<u>170,000</u>	<u>5,100</u>
	<u>\$ 3,325,000</u>	<u>\$ 429,705</u>



**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Debt Limits

At December 31, 2016, the total outstanding indebtedness of the City aggregated \$ 8,082,757. Of this amount, \$ 4,362,009 was subject to the constitutional debt limit and represented approximately 22.86% of its statutory debt limit.

**C. Interfund Receivables and Payables**

Interfund receivables and payables at December 31, 2016 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,061,799	\$ 1,177,166
Capital Projects	964,248	1,476,678
Special Revenue		
Special Grant	-	117,650
Water	572,228	22,434
Sewer	449,850	142,268
Library/Remington	<u>415,239</u>	<u>491,845</u>
Total	<u>\$ 3,463,364</u>	<u>\$ 3,463,364</u>

**D. Fund Equity**

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

Restricted for

Unemployment Insurance	\$ 44,766	(Insurance Fund)
Community Development Projects	105,751	(CD Fund)
Miscellaneous	16,855	(General)
Asset Forfeiture	17,527	(General)
LWRP	8,372	(General)
Capital Interest	458,422	(General)
Taxes	<u>10,422</u>	(General)
Total Restricted Fund Balance	<u>\$ 662,115</u>	

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

Unassigned	
General	\$ 108,842
Community Development	26,229
Insurance Reserve	289,823
Water	1,365,518
Sewer	1,838,882
Library/Remington	25,961
Capital	<u>(1,356,285)</u>
 Total Unassigned Fund Balance	 <u>\$ 2,298,970</u>

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

The City has established an unemployment insurance payment reserve fund. This reserve, accounted for in the Insurance Fund, had a balance of \$ 44,766 at December 31, 2016.

**E. Deferred Compensation**

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

As of December 31, 2016, the market value of the assets of the plan totaled \$ 4,262,134. In accordance with Section 457 of the Code, all amounts of Compensation deferred or contributed under the Plan, all property and rights purchased with such amounts and all income attributable to such amounts, and all other property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the Trust Agreement. This amount is reflected as an Agency Fund asset along with a corresponding liability to the employees participating in the plan.

**NOTE 4 - CONSTITUTIONAL TAX LIMIT**

The constitution of the State of New York limits the amount of real property taxes which in any fiscal year not to exceed 2% of the average full valuation of taxable real estate within such City. At December 31, 2016, the City had exhausted 70.12% of its constitutional tax limit.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 5 - OPERATING LEASES**

The City leases certain copiers under the terms of various non-cancelable leases. Rental expense for the year 2016 was \$ 17,230. Minimum annual rentals for each of the remaining years of the leases are:

For fiscal years ended December 31,

2017	\$	16,222
2018		10,175
2019		7,488
2020		6,726
2021		<u>2,633</u>
	\$	<u>43,244</u>

**NOTE 6 - CONTINGENCIES**

**State and Federal Aid**

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

**Other Claims**

On August 8, 2016 the City Council voted to approve a settlement with a local mental health service organization over a federal lawsuit in the amount of \$ 150,000. A total of \$ 75,000 will come from the City's General Fund, while the other half of the money will be paid by the City's insurance carrier.

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

**NOTE 7 - RECENT ACCOUNTING PRONOUNCEMENTS**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2016, the City implemented the following new standards issued by GASB:

GASB has issued Statement No. 72, Fair Value Measurement and Application, effective for the year ending December 31, 2016.

GASB has issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions, effective for the year ending December 31, 2016.

**CITY OF OGDENSBURG, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 7 - RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the year ending December 31, 2016.

GASB has issued Statement No. 77, Tax Abatement Disclosures, effective for the year ending December 31, 2016.

GASB has issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Pension Plans, effective for the year ending December 31, 2016.

GASB has issued Statement No. 79, External Investment Pools, effective for the year ending December 31, 2016.

**CITY OF OGDENSBURG, NEW YORK**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
DECEMBER 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Final Budget Variance With Budgetary Actual</b>
<b>Revenues</b>				
Real Property Taxes	\$ 4,699,350	\$ 4,699,350	\$ 4,629,724	\$ (69,626)
Real Property Tax Items	228,700	228,700	196,680	(32,020)
Non Property Tax Items	4,014,910	4,014,910	3,737,151	(277,759)
Departmental Income	407,750	419,750	453,421	33,671
Inter-Governmental Charges	67,500	67,500	165,844	98,344
Use of Money and Property	85,150	85,150	83,093	(2,057)
Licenses and Permits	42,100	42,100	47,623	5,523
Fines and Forfeitures	51,500	51,500	63,078	11,578
Sale of Property and Compensation for Loss	38,000	38,000	40,045	2,045
Miscellaneous Local Sources	2,500	2,500	10,404	7,904
State Aid	2,116,659	2,190,321	2,176,973	(13,348)
Federal Aid	-	82,346	78,241	(4,105)
				-
Total Revenues	<u>11,754,119</u>	<u>11,922,127</u>	<u>11,682,277</u>	<u>(239,850)</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	817,809	817,809	803,069	(14,740)
Appropriated Reserve	10,400	10,400	-	(10,400)
Appropriated Fund Balance	419,499	419,499	-	(419,499)
Total Other Financing Sources	<u>1,247,708</u>	<u>1,247,708</u>	<u>803,069</u>	<u>(444,639)</u>
Total Revenues and Other Financing Sources	<u>13,001,827</u>	<u>13,169,835</u>	<u>12,485,346</u>	<u>(684,489)</u>
<b>Expenditures</b>				
General Government Support	1,648,811	1,664,618	1,567,386	97,232
Public Safety	7,286,003	7,380,740	7,487,033	(106,293)
Transportation	2,222,037	2,309,063	2,091,237	217,826
Economic Assistance and Opportunity	19,850	19,850	16,975	2,875
Culture and Recreation	675,868	689,600	705,133	(15,533)
Home and Community Services	-	-	297,194	(297,194)
Contingency	60,875	17,581	-	17,581
Debt Service	293,144	293,144	281,395	11,749
Total Expenditures	<u>12,206,588</u>	<u>12,374,596</u>	<u>12,446,353</u>	<u>(71,757)</u>
<b>Other Financing Uses</b>				
Transfers to Other Funds	795,239	795,239	795,239	-
Total Expenditures and Other Financing (Uses)	<u>13,001,827</u>	<u>13,169,835</u>	<u>13,241,592</u>	<u>(71,757)</u>
<b>Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	-	-	(756,246)	(756,246)
<b>Fund Balance - Beginning</b>	-	-	1,376,685	1,376,685
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,439</u>	<u>\$ 620,439</u>

See paragraph on supplemental schedules in auditor's report.

**CITY OF OGDENSBURG, NEW YORK**  
**SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NYSERS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$679,374	\$ 731,222
Contributions in Relation to the		
Contractually Required Contribution	<u>679,374</u>	<u>731,222</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>
City's Covered Employee Payroll	3,629,300	\$ 3,688,044
Contribution as a Percentage of		
Covered Employee Payroll	18.72%	19.83%

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

**NYSPPRS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	889,920	\$ 935,238
Contributions in Relation to the		
Contractually Required Contribution	<u>889,920</u>	<u>935,238</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ -</u>
City's Covered Employee Payroll	4,190,224	\$ 4,317,194
Contribution as a Percentage of		
Covered Employee Payroll	21.24%	21.66%

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

**CITY OF OGDENSBURG, NEW YORK**  
**SCHEDULE OF PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**NYSERS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Districts Portion of the		
Net Pension Liability (Asset)	0.0141709%	0.0138809%
City's Proportionate Share of the		
New Pension Liability (Asset)	\$ 2,274,475	468,931
City's Covered Employee Payroll	3,629,300	3,688,044
City's Proportionate Share of the		
Net Pension Liability (Asset) as a		
Percentage of its Covered Employee		
Payroll	62.67%	12.71%
Plan Fiduciary Net Position as a		
Percentage of the Total Pension Liability	90.7%	90.9%

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

**NYSPFRS PENSION PLAN**

	<b>2016</b>	<b>2015</b>
Districts Portion of the		
Net Pension Liability (Asset)	0.1090989%	0.2107100%
City's Proportionate Share of the		
New Pension Liability (Asset)	3,230,185	285,607
City's Covered Employee Payroll	4,190,224	4,317,194
City's Proportionate Share of the		
Net Pension Liability (Asset) as a		
Percentage of its Covered Employee		
Payroll	77.09%	6.62%
Plan Fiduciary Net Position as a		
Percentage of the Total Pension Liability	90.2%	90.2%

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

**CITY OF OGDENSBURG, NEW YORK**

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS  
DECEMBER 31, 2016**

	<b>Community Development</b>	<b>Insurance Reserve Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Library/ Remington Fund</b>	<b>Totals</b>
<b>Assets</b>						
Cash - Unrestricted	\$ 114,560	\$ 292,769	\$ 324,975	\$ 907,889	\$ 88,483	\$ 1,728,676
Cash - Restricted	105,752	44,766	-	-	-	150,518
Other Receivables	-	-	20,049	-	16,029	36,078
Water Rent Receivable	-	-	555,452	-	-	555,452
Sewer Rent Receivable	-	-	-	760,605	-	760,605
State and Federal Aid Receivable	29,319	-	-	-	-	29,319
Investments	53,308	-	-	-	-	53,308
Due from Other Funds	-	-	572,228	449,850	415,239	1,437,317
<b>Total Assets</b>	<b>\$ 302,939</b>	<b>\$ 337,535</b>	<b>\$ 1,472,704</b>	<b>\$ 2,118,344</b>	<b>\$ 519,751</b>	<b>\$ 4,751,273</b>
<b>Liabilities</b>						
Accounts Payable	-	2,946	84,752	137,194	1,945	\$ 226,837
Due to Other Funds	117,650	-	22,434	142,268	491,845	774,197
<b>Total Liabilities</b>	<b>117,650</b>	<b>2,946</b>	<b>107,186</b>	<b>279,462</b>	<b>493,790</b>	<b>1,001,034</b>
<b>Fund Balance</b>						
Restricted	105,752	44,766	-	-	-	150,518
Unassigned	79,537	289,823	1,365,518	1,838,882	25,961	3,599,721
<b>Total Fund Balance</b>	<b>185,289</b>	<b>334,589</b>	<b>1,365,518</b>	<b>1,838,882</b>	<b>25,961</b>	<b>3,750,239</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 302,939</b>	<b>\$ 337,535</b>	<b>\$ 1,472,704</b>	<b>\$ 2,118,344</b>	<b>\$ 519,751</b>	<b>\$ 4,751,273</b>

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



**CITY OF OGDENSBURG, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Community Development</b>	<b>Insurance Reserve Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Library/ Remington Fund</b>	<b>Totals</b>
<b>Revenues</b>						
Department Income	\$ 43,431	\$ -	\$ 2,220,180	\$ 2,554,935	\$ 6,758	\$ 4,825,304
Inter-Governmental charges	-	-	-	-	3,922	3,922
Use of Money and Property	262	20	377	368	-	1,027
Sale of Property and Compensation for Loss	-	7,936	-	-	-	7,936
Miscellaneous Local Sources	-	-	-	-	356,117	356,117
Federal Aid	207,221	-	-	-	-	207,221
	<u>250,914</u>	<u>7,956</u>	<u>2,220,557</u>	<u>2,555,303</u>	<u>366,797</u>	<u>5,401,527</u>
Total Revenues	250,914	7,956	2,220,557	2,555,303	366,797	5,401,527
<b>Expenditures</b>						
General Governmental Support	-	287,930	-	-	-	287,930
Culture and Recreation	-	-	-	-	1,074,634	1,074,634
Home and Community Services	235,329	-	1,563,171	1,836,016	-	3,634,516
Employee Benefits	0	-	6,766	3,234	-	10,000
Debt Service: Principal	-	-	31,809	209,519	5,000	246,328
Debt Service: Interest	-	-	7,322	43,394	1,225	51,941
	<u>235,329</u>	<u>287,930</u>	<u>1,609,068</u>	<u>2,092,163</u>	<u>1,080,859</u>	<u>5,305,349</u>
Total Expenditures	235,329	287,930	1,609,068	2,092,163	1,080,859	5,305,349
<b>Excess (Deficit) Revenues over Expenditures</b>	<u>15,585</u>	<u>(279,974)</u>	<u>611,489</u>	<u>463,140</u>	<u>(714,062)</u>	<u>96,178</u>
<b>Other Financing Sources (Uses)</b>						
Interfund Transfers In	-	255,000	-	-	710,239	965,239
Interfund Transfers Out	(117,650)	-	(566,311)	(295,225)	-	(979,186)
	<u>(117,650)</u>	<u>255,000</u>	<u>(566,311)</u>	<u>(295,225)</u>	<u>710,239</u>	<u>(13,947)</u>
Total Other Financing Sources (Uses)	(117,650)	255,000	(566,311)	(295,225)	710,239	(13,947)
<b>Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	<u>(102,065)</u>	<u>(24,974)</u>	<u>45,178</u>	<u>167,915</u>	<u>(3,823)</u>	<u>82,231</u>
<b>Fund Balance - Beginning</b>	<u>287,354</u>	<u>359,563</u>	<u>1,320,340</u>	<u>1,670,967</u>	<u>29,784</u>	<u>3,668,008</u>
<b>Fund Balance - Ending</b>	<u>\$ 185,289</u>	<u>\$ 334,589</u>	<u>\$ 1,365,518</u>	<u>\$ 1,838,882</u>	<u>\$ 25,961</u>	<u>\$ 3,750,239</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ogdensburg, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Ogdensburg, New York's basic financial statements, and have issued our report thereon dated September 29, 2017.

**Internal Control over Financial Reporting**

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

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

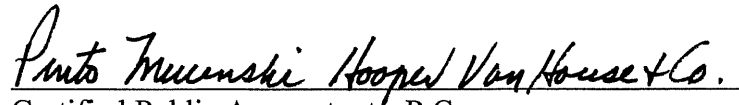
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

 Piotr Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

September 29, 2017



Pinto·Mucenski·Hooper  
Van House & Co.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited the City of Ogdensburg, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Ogdensburg, New York's major federal programs for the year ended December 31, 2016. The City of Ogdensburg, 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 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 the City of Ogdensburg, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the City of Ogdensburg, 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 the City of Ogdensburg, New York's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Ogdensburg, 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 major federal programs for the year ended December 31, 2016.

### **Report on Internal Control over Compliance**

Management of the City of Ogdensburg, 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 the City of Ogdensburg, 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 the City of Ogdensburg, 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.

Handwritten signature of Paulo Mucinski in cursive script.

Certified Public Accountants, P.C.

September 29, 2017

**CITY OF OGDENSBURG, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor/Program Title/Grant Number</b>	<b>Federal CFDA Number</b>	<b>Direct/ Pass-Through Grantor's Number</b>	<b>Disbursements/ Expenditures</b>
<b>Pass - Through Awards</b>			
U.S. Department of Housing and Urban Development Passed through the NYS Homes and Community Renewal Home Investment Partnerships Program	14.239	836HR320-14	\$ 207,221
U. S. Department of Transportation Passed through the NYS Department of Transportation Federal-Aid Highway and Marchiselli-Aid	20.205	DO32036	\$ 367,184
U.S. Department of Homeland Security Passed through the NYS Homeland Security and Emergency Services Operation Stonegarden	97.067	16-SWBOGN-12-001 V	<u>63,002</u>
Total Passed Through Awards			<u><u>\$ 637,407</u></u>
<b>Direct Awards</b>			
U.S. Department of Environmental Protection Agency Brownfields	66.818	-	\$ 125,369.00
U. S. Department of Homeland Security Assistance to Firefighters	97.044	-	<u>16,366</u>
<b>Total Direct Awards</b>			<u><u>\$ 141,735</u></u>
<b>Total Federal Awards Expended</b>			<u><u>\$ 779,142</u></u>

See notes to the schedule of expenditures of federal awards.

**CITY OF OGDENSBURG, NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the City, which is described in Note 1 to the City's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The City's policy is not to charge federal award programs with indirect costs.

Matching costs (the City's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the City's reporting system.

**NOTE 2 - SUB-RECIPIENTS**

\$ 207,221 was awarded to the Development Authority of the North Country as a sub-recipient providing program delivery and administrative services.

**NOTE 3 - OTHER DISCLOSURES**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the City's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**City of Ogdensburg, New York**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2016**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Ogdensburg, New York.
2. No deficiencies were disclosed during the audit of the financial statements as reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Ogdensburg, New York, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No control deficiencies in internal control over major federal award programs were disclosed during the audit or reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
5. The auditor's report on compliance for the major federal award program for the City of Ogdensburg, New York expresses an unmodified opinion on the major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are reported in this Schedule.
7. The programs tested as a major program included:  
Department of Housing and Urban Development: Home Investment Partnerships Program.  
CFDA # 14.239 / Grant ID #836HR320-14.
8. The threshold for distinguishing Type A programs was \$ 750,000.
9. The City of Ogdensburg, New York was determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE





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## AUDITOR'S REPORT ON STATUS OF PRIOR AUDIT FINDINGS

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

We have audited the financial statements of the City of Ogdensburg, New York as of and for the year ended December 31, 2016, and have issued our report thereon dated September 29, 2017. We conducted our audit in accordance with U. S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

As an integral part of our audit of said financial statements, we conduct a follow-up on known findings and recommendations from previous audits that have an effect on the current audit objectives. However, there were no findings from the previous audit that had an effect on the current audit.

*Pinto Mucenski Hooper Van House & Co.*

Certified Public Accountants, P.C.  
September 29, 2017

**FORM OF BOND COUNSEL'S OPINION**

July 31, 2018

City of Ogdensburg  
County of St. Lawrence  
State of New York

Re: City of Ogdensburg, County of St. Lawrence New York  
\$1,600,000 Tax Anticipation Notes, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,600,000 Tax Anticipation Notes, 2018 (the "Obligations"), of the City of Ogdensburg, County of St. Lawrence, State of New York (the "Obligor"), dated July 31, 2018, in the denomination of \$\_\_\_\_\_, bearing interest at the rate of \_\_\_\_\_% per annum, payable at maturity, and maturing July 31, 2019.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon subject to applicable statutory limitations; provided however that, the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State of the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP