

OFFICIAL STATEMENT

NEW AND RENEWAL ISSUES

S&P GLOBAL RATING: "AA-" STABLE OUTLOOK

SERIAL BONDS AND BOND ANTICIPATION NOTES

See "BOND AND NOTE RATING" herein

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 Bonds and Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds and 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 Bonds and 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 Bonds and Notes. See "TAX MATTERS" herein.

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

\$3,206,758

CITY OF ONEIDA MADISON COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 682539

\$1,506,758 Public Improvement (Serial) Bonds, 2019

(referred to herein as the "Bonds")

Dated and Delivered: October 8, 2019

Due: October 1, 2020-2033

MATURITIES

| <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CSP</u> | <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CSP</u> | <u>Year</u> | <u>Amount</u> | <u>Rate</u> | <u>Yield</u> | <u>CSP</u> |
|-------------|---------------|-------------|--------------|------------|-------------|---------------|-------------|--------------|------------|-------------|---------------|-------------|--------------|------------|
| 2020 | \$ 101,758 | % | % | | 2025 | \$ 115,000 | % | % | | 2030 | \$ 100,000* | % | % | |
| 2021 | 100,000 | | | | 2026 | 115,000 | | | | 2031 | 105,000* | | | |
| 2022 | 105,000 | | | | 2027 | 115,000 | | | | 2032 | 105,000* | | | |
| 2023 | 110,000 | | | | 2028 | 120,000* | | | | 2033 | 105,000* | | | |
| 2024 | 110,000 | | | | 2029 | 100,000* | | | | | | | | |

* The Bonds maturing in the years 2028-2033 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

\$1,100,000 Bond Anticipation Notes, 2019 Series A

(referred to herein as the "Series A Notes")

Dated: October 8, 2019

Due: October 8, 2020**

AND

\$600,000 Bond Anticipation Notes, 2019 (Renewals) Series B

(referred to herein as the "Series B Notes")

Dated: October 8, 2019

Due: October 8, 2020**

(collectively referred to herein as the "Bonds and Notes")

** The Notes will be subject to redemption, in full or in part, on or after April 8, 2020 at par, upon 20 days prior written notice to the registered owner thereof.

The Bonds and Notes are general obligations of the City of Oneida, Madison County, New York, (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and 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 BONDS AND NOTES - Nature of the Obligations" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination maturing in 2020 which is or includes \$6,758. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on April 1, 2020 and semi-annually thereafter on October 1 and April 1 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination maturing in 2020 which is or includes \$6,758, and the City will act as paying agent. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than \$1,506,758 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

At the option of the successful bidder, the Notes will be issued registered in the name of the purchaser in the denominations of \$5,000 or multiples thereof.

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the City.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for each series of those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Bonds and Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds and Notes of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds and Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon, on or about October 8, 2019.

ELECTRONIC BIDS for the Bonds and Notes may be submitted via Fiscal Advisors Auction Bid Submission System ("Fiscal Advisors Auction") on September 24, 2019 until 11:00 A.M., Prevailing Time, pursuant to the respective Notices of Sale for the Bonds and Notes. 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 Bonds and Notes pursuant to the terms provided in the respective Notices of Sale for the Bonds and Notes.

September 19, 2019

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 BIDDERS, AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE CITY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX C – CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS" HEREIN. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX – D, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES" HEREIN.



City of Oneida
New York
A bit of America at its best.

MADISON COUNTY, NEW YORK

CITY OFFICIALS

LEO MATZKE
Mayor

CITY COUNCIL

ALAN COHEN
MICHAEL BOWE
JAMES COULTHART
HELEN ACKER
JIM CHAMBERLAIN
TOM SIMCHIK

* * * * *

NANCY S. ANDREWS
City Chamberlain

LEE ANN WELLS
City Comptroller

JESSICA KAISER
Deputy City Comptroller

SUE PULVERENTI
City Clerk

NADINE C. BELL, ESQ.
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No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds and Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates, 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.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY OF ONEIDA
MADISON COUNTY, NEW YORK

Relating To
\$1,506,758 Public Improvement (Serial) Bonds, 2019
\$1,100,000 Bond Anticipation Notes, 2019 Series A
AND
\$600,000 Bond Anticipation Notes, 2019 (Renewals) Series B

This Official Statement, which includes the cover page and all Appendices, has been prepared by the City of Oneida, Madison County, New York (the "City", "County", and "State", respectively) in connection with the sale by the City of \$1,506,758, Public Improvement (Serial) Bonds, 2019 (the "Bonds"), \$1,100,000 Bond Anticipation Notes, 2019 Series A (the "Series A Notes") and \$600,000 Bond Anticipation Notes, 2019 (Renewals) Series B (the "Series B Notes") (collectively referred to herein as the "Bonds and Notes").

The factors affecting the City's financial condition and the Bonds and 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 of New York, 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 Bonds and Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and Notes and such proceedings.

THE BONDS AND NOTES

Nature of the Obligations

Each Bond and 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 Bonds and 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 Bonds and 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 LIMITATION LAW" 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.

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The "Record Date" of the Bonds will be the fifteenth day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, at the option of the purchaser, may be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination maturing in 2020 which is or includes \$6,758. Purchasers will not receive certificates representing their ownership interest in the Bonds if issued in book-entry-form. Interest on the Bonds will be payable on April 1, 2020 and semi-annually thereafter on October 1 and April 1 in each year until maturity. In book-entry-form, principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption - Bonds

The Bonds maturing on or before October 1, 2027 shall not be subject to redemption prior to maturity. The Bonds maturing on or after October 1, 2028 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on October 1, 2027 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City Comptroller. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Purpose of Issue – Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Comptroller, the Local Finance Law, and City bond resolutions.

| <u>Purpose</u> | <u>Amount</u> |
|---------------------------|--------------------|
| LED Project Construction | \$ 984,172 |
| LED National Grid Buyback | 212,065 |
| DPW/Plow Truck | 161,721 |
| Pool Resurfacing | <u>148,800</u> |
| Total | <u>\$1,506,758</u> |

The proceeds of the Bonds will provide new monies for the above-mentioned purposes.

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 "TAX LEVY LIMITATION LAW" herein.

Each series of the Notes are dated October 8, 2019 and will mature on October 8, 2020, with the option of redemption on or after April 8, 2020 upon 20 days prior written notice.

The Notes will be issued in registered form at the option of the purchaser either (i) requested in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof as may be determined by the successful bidder; 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.

Purposes of Issue – Series A Notes

The Series A Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the General City Law, the Local Finance Law and a bond resolution dated April 16, 2019 authorizing the issuance of serial bonds to finance the wastewater treatment plant improvements at a maximum cost of \$34,000,000.

The proceeds of the Series A Notes will provide \$1,100,000 new monies for the above mentioned purpose.

Purposes of Issue – Series B Notes

The Series B Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the General City Law, the Local Finance Law and a bond resolution dated August 1, 2017 authorizing the issuance of serial bonds to finance a water treatment plant hazard mitigation project.

The proceeds of the Series B Notes, along with \$24,000 available funds of the City, will renew in full \$624,000 bond anticipation notes maturing on October 9, 2019 for the above mentioned purpose.

BOOK-ENTRY-ONLY SYSTEM

If requested, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and/or Notes. The Bonds and 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 bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered note certificate will be issued for each series of Notes bearing the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC’s records. The ownership interest of each actual purchaser of each Bond or 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 Bonds and 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 Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all Bonds and 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 Bonds and 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 Bonds and Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and 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 Bonds and Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, bond and/or 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, bond and/or 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 BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS OR NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 ON THE BONDS OR 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 Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination maturing in 2020 which is or includes \$6,758. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable on April 1, 2020 and semi-annually thereafter on October 1 and April 1 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the City Comptroller authorizing the

sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

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 are subject to redemption prior to their stated final maturity date on or after April 20, 2020 upon 20 days prior written notice.

THE CITY

General Information

The City, with a land area of 21.9 square miles and a current population of 10,912 (See “*Population Trends*” herein), is located in upstate New York in the geographical area known as Central New York. It is situated in the northeast sector of Madison County. The City of Syracuse is located approximately 25 miles to the west and the City of Utica 20 miles to the east.

Major highways serving the City include Interstate 90 (New York State Thruway), as well as Routes 5, 46 and 31. Air transportation is available from the Syracuse Hancock International Airport and the Oneida County Airport.

Higher educational opportunities are available at nearby Colgate University, Hamilton College, Syracuse University, Utica College, SUNY Morrisville and Cazenovia College.

The majority of the residents are engaged in industry, commerce and professions in the City as well as the cities of Syracuse, Utica and Rome metropolitan areas.

Source: City officials.

Economic Development

Recent economic developments include:

- In 2016, HP Hood has expanded their operations including the construction of a 15,000 sq. ft. dairy processing building and 24,000 sq. ft. cold storage warehouse which created more than 25 local jobs in the City.
- In 2014, a building expansion was completed at All Seasonings Ingredients Inc., a seasonings manufacturer, in the Oneida Business Park resulting in 15 additional jobs in the City. An addition of new equipment in 2018-2019 has resulted in 11 more full time jobs. Two new buildings have received site plan approval for construction in 2019, which will again increase jobs.
- In terms of residential developments, the City is working with MEID Construction on the Brookside Crossing Townhomes, which could be up to approximately 33 units at full build-out.
- Stoneleigh Housing, partnering with Kinderhook Development, completed a 40-unit residential complex and are now all occupied.
- FEMA Buyout of flats from 2013 Flood.
- FEMA mitigation from flood of 2013 which will move both the City DPW garage as well as the Water garage to premises not located within the flood zone.
- Green Empire Farms has begun Phase I & II of construction on 1 of 3 greenhouses to be built. Each greenhouse will be approximately 32 acres large with additional living quarters and recreational fields for onsite employees. This will add 100 new jobs to be filled in 2019.
- The Oneida Public Library will begin construction on their new site in the summer 2019.
- The City continues construction on the Oneida Rail Trail which converts existing railbeds to a multimodal transportation corridor within and connecting to the City of Oneida. The project is near completion.

- As May 2019, the design phase of an Energy Performance Contract for the City to purchase the Street Lighting and change over to LED lights continues. Additionally, the City has contracted with ESG to design an Energy Performance Contract for an expansion to its Wastewater Treatment Plant. (See also “*STATUS OF INDEBTEDNESS - Capital Project Plans*” herein.)

Source: City officials.

Population Trends

| <u>Year</u> | <u>City of Oneida</u> | <u>Madison County</u> | <u>New York State</u> |
|------------------|-----------------------|-----------------------|-----------------------|
| 1960 | 11,677 | 54,365 | 16,782,304 |
| 1970 | 11,658 | 62,864 | 18,236,882 |
| 1980 | 10,810 | 65,150 | 17,558,072 |
| 1990 | 10,850 | 69,120 | 17,990,445 |
| 2000 | 10,987 | 69,441 | 18,976,457 |
| 2010 | 11,393 | 73,442 | 19,378,102 |
| 2017 (Estimated) | 10,997 | 70,965 | 19,849,399 |
| 2018 (Estimated) | 10,912 | 70,795 | 19,542,209 |

Source: U.S. Census Bureau Quickfacts.

Banking Facilities

The following banks maintain offices within the City:

NBT Bank, N.A.
RBS Citizens Bank, N.A.
JPMorgan Chase Bank, N.A.
Community Bank, N.A.

Source: City officials.

Major Employers

Some of the major employers located within or in close proximity to the City are as follows:

| <u>Name of Employer</u> | <u>Type of Business</u> | <u>Approximate Number of Employees</u> |
|--------------------------------|-------------------------|--|
| Oneida Indian Nation | Casino/Business | 4,900 |
| Oneida Health Care Center | Hospital | 850 |
| Wal-Mart | Retail Sales | 450 |
| Oneida City School District | Public Education | 230 |
| HP Hood | Milk Products | 200 |
| Oneida Molded Plastics | Injection Molding | 140 |
| City of Oneida | Municipality | 133 |
| Alternatives Resources Choices | Clinical Services | 125 |

Source: City officials.

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, 2006-2010 and 2012-2016 American Community Survey 5 Year Estimates.

| | <u>Per Capita Income</u> | | | <u>Median Family Income</u> | | |
|------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | <u>2000</u> | <u>2006-2010</u> | <u>2013-2017</u> | <u>2000</u> | <u>2006-2010</u> | <u>2013-2017</u> |
| City of: | | | | | | |
| Oneida | \$ 18,966 | \$ 23,553 | \$ 25,362 | \$ 45,242 | \$ 58,078 | \$ 57,536 |
| County of: | | | | | | |
| Madison | 19,105 | 24,311 | 28,010 | 47,889 | 61,828 | 72,052 |
| State of: | | | | | | |
| New York | 23,389 | 30,948 | 31,177 | 51,691 | 67,405 | 70,850 |

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2013-2017 American Community Survey data.

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 the County Madison. The information set forth below with respect to the County and State of New York is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or the State is necessarily representative of the City, or vice versa.

| | <u>Annual Average</u> | | | | | | |
|----------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Madison County | 8.5% | 7.6% | 6.4% | 5.7% | 5.3% | 5.5% | 4.8% |
| New York State | 8.5 | 7.7 | 6.3 | 5.3 | 4.9 | 4.7 | 4.1 |

| | <u>2019 Monthly Figures</u> | | | | | | | | |
|----------------|-----------------------------|------------|------------|------------|------------|------------|-------------|------------|-------------|
| | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>July</u> | <u>Aug</u> | <u>Sept</u> |
| Madison County | 5.5% | 5.2% | 5.1% | 3.9% | 3.7% | 3.7% | 4.1% | N/A | N/A |
| New York State | 4.6 | 4.4 | 4.1 | 3.6 | 3.8 | 3.8 | 4.2 | N/A | N/A |

Note: Unemployment Rates for August and September 2019 are unavailable as of the date of this Official Statement.

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

Form of City Government

The governing body (City Common Council) of the City is composed of an elected Mayor and six Councilpersons, each representing a ward within the City as prescribed by the City Charter. The Mayor is elected for a two-year term and the members of the Common Council are elected for two-year terms, with elections held in November of the odd numbered years. The positions of the City Comptroller, City Clerk and the Department heads are all appointed. All serve under tenure. The position of City Chamberlain is elected. All elected officers may succeed themselves. The City Attorney is appointed and serves at the discretion of the Mayor.

Budgetary Procedures

The Mayor is the Budget Officer. The Mayor, based on estimates received from the various department heads, prepares a proposed budget each year and submits same, together with a budget message, to the City Common Council on or before October 30. Immediately thereafter a copy is filed in the City Clerk's Office, where it is a public record. The Common Council establishes the date, time and place of a public hearing on the budget and causes notice of same to be duly advertised. Upon conclusion of the public hearing, the Common Council may increase or decrease the amount of appropriations, except those required by law, and must adopt the budget not later than December 15. The Common Council may adjust the budget as necessary during the fiscal year. The budget is not subject to referendum.

The City exceeded its tax levy limit in fiscal years ending December 31, 2018 and December 31, 2019. The Common Council voted to override the tax levy limit in the 2018 and 2019 fiscal years.

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.

Oneida City Hospital

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

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

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

State Aid

The City receives financial assistance from the State. In its budget for the 2019 fiscal year, approximately 15.08% of the operating revenues of the City are expected to be received from the State as State aid. The State is not constitutionally obligated to maintain or continue State aid to the City and no assurance can be given that present State aid levels will be maintained in the future. 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. Furthermore, if a significant default or other financial crisis should occur in the affairs of New York State or any of its 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, could be adversely affected.

There can be no assurance that the State appropriation for State aid to cities will be continued in future years, either pursuant to existing formulas or any form whatsoever. State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

Employees

The City provides services through approximately 117 full-time employees (excluding seasonal). The bargaining units, approximate number of members and contract expiration dates are as follows:

| <u>Bargaining Unit</u> | <u>Number of Members</u> | <u>Contract Expiration Date</u> |
|---------------------------------------|--------------------------|---------------------------------|
| Civil Service Employees' Association | 57 | December 31, 2020 |
| Oneida Paid Firefighters' Association | 24 | December 31, 2021 |
| Oneida Police Benevolent Association | 22 | December 31, 2021 |

Source: City officials.

Status and Financing of Employee Pension Benefit

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 and the budgeted amount for the 2019 fiscal year are as follows:

| <u>Year</u> | <u>ERS</u> | <u>PFRS</u> |
|-----------------|------------|-------------|
| 2014 | \$ 400,692 | \$ 876,712 |
| 2015 | 544,656 | 752,885 |
| 2016 | 554,494 | 790,835 |
| 2017 | 551,994 | 810,238 |
| 2018 | 546,953 | 822,880 |
| 2019 (Budgeted) | 541,040 | 840,163 |

Note: The City opted to amortize its 2013 ERS and PFRS contributions of \$600,618 and \$865,459, respectively. Annual payments of approximately \$19,174 and \$10,759 for ERS and PFRS, respectively are scheduled through the fiscal year ending 2023.

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 (2016 to 2020) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>PFRS</u> |
|-------------|------------|-------------|
| 2016 | 18.2% | 24.7% |
| 2017 | 15.5 | 24.3 |
| 2018 | 15.3 | 24.4 |
| 2019 | 14.9 | 23.5 |
| 2020 | 14.6 | 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 City has not found it necessary to amortize its ERS and PFRS contributions since the 2013 fiscal year.

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. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. Other Post-Employment Benefits ("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 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The City was required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

Summary of Changes from the Last Valuation. The City contracted with the Aquarius Capital, an actuarial firm, to calculate its first actuarial valuation under GASB 75 for the fiscal year ending December 31, 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

| | |
|--|-----------------------------|
| Total OPEB Liability - Balance at: | December 31, 2017 |
| | <u>\$ 38,496,356</u> |
| <u>Changes for the year:</u> | |
| Service cost | \$ 305,810 |
| Interest | 1,472,835 |
| Changes in benefit terms | - |
| Changes in assumptions or other inputs | - |
| Differences between expected and actual experience | - |
| Benefit payments | <u>(1,462,737)</u> |
| Net Change | <u>\$ 315,908</u> |
| Total OPEB Liability – Balance at: | December 31, 2018 |
| | <u><u>\$ 38,812,264</u></u> |

Note: The above table is not audited. For additional information see "APPENDIX - E" attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45") required municipalities and school districts to account for OPEB liabilities much like they already accounted 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 covered accounting for pensions, GASB 45 did 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") was 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 did 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 contracted with Aquarius Capital Solutions Group LLC, an actuarial firm, to calculate its OPEB liability in accordance with GASB 45. The following tables show 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 for the fiscal year ending December 31, 2016 and December 31, 2017.

| <i>Annual OPEB Cost and Net OPEB Obligation:</i> | <u>2016</u> | <u>2017</u> |
|---|----------------------|----------------------|
| Annual required contribution (ARC) | \$ 1,937,659 | \$ 1,982,243 |
| Interest on net OPEB obligation | 658,177 | 672,043 |
| Adjustment to ARC | <u>(1,184,738)</u> | <u>(1,184,738)</u> |
| Annual OPEB cost (expense) | 1,411,098 | 1,469,548 |
| Contributions made | <u>(1,064,448)</u> | <u>(1,139,607)</u> |
| Increase in net OPEB obligation | 346,650 | 329,941 |
| Net OPEB obligation - beginning of year | <u>16,454,424</u> | <u>16,801,074</u> |
| Net OPEB obligation - end of year | <u>\$ 16,801,074</u> | <u>\$ 17,131,015</u> |
| Percentage of annual OPEB cost contributed | 75.4% | 77.5% |

Funding Status:

| | | |
|--|----------------------|----------------------|
| Actuarial Accrued Liability (AAL) | \$ 24,575,806 | \$ 25,363,814 |
| Actuarial Value of Assets | <u>0</u> | <u>0</u> |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 24,575,806</u> | <u>\$ 25,363,814</u> |
| Funded Ratio (Assets as a Percentage of AAL) | 0.0% | 0.0% |

| <u>Fiscal</u> <u>Year Ended</u> | <u>Annual</u> <u>OPEB Cost</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u> | <u>Net OPEB</u> <u>Obligation</u> |
|------------------------------------|-----------------------------------|---|--------------------------------------|
| 2017 | \$ 1,469,548 | 77.5% | \$ 17,131,015 |
| 2016 | 1,411,098 | 75.4 | 16,801,074 |

Source: City actuarial report and audited reports. The above tables are not audited.

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.

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 Bonds and Notes are to be issued, is the City Law and the Local Finance Law.

The City is in compliance with the procedure for the validation of the Bonds and Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the City is January 1 through December 31.

Except for as shown under “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 an independent certified public accountant firm for a continuous independent audit of all financial transactions of the City. The financial affairs of the City are also subject to annual audits by the State Comptroller. The City’s Audited Financial Report for the period ending December 31, 2018 and may be found as “APPENDIX – E”. Certain financial information may 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.

New York State Comptroller Report 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 found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no recent State Comptroller’s audits of the City that are currently in progress or pending release.

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

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 report 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> |
|------------------------------|---------------------------|---------------------|
| 2017 | No Designation | 6.7% |
| 2016 | No Designation | 8.3% |
| 2015 | No Designation | 5.0% |

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

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

TAX INFORMATION

Taxable Valuations

| <u>Fiscal Year Ending December 31:</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Assessed Valuation | \$ 468,993,597 | \$ 467,832,999 | \$ 461,928,158 | \$ 464,690,499 | \$ 467,386,278 |
| New York State Equalization Rate | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Total Taxable Full Valuation | \$ 468,993,597 | \$ 467,832,999 | \$ 461,928,158 | \$ 464,690,499 | \$ 467,386,278 |

Tax Rate per \$1,000 (Assessed)

| <u>Fiscal Year Ending December 31:</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Inside | \$ 8.41 | \$ 8.96 | \$ 9.14 | \$ 9.59 | \$ 9.93 |
| Outside | 4.26 | 4.53 | 4.62 | 4.85 | 5.02 |

Tax Collection Procedure

Taxes are payable during the month of January without penalty. Late payments carry a penalty of 1% during February, 5% during March, and an additional 1% for each month thereafter up to a maximum of 10%. The City holds a tax sale each December.

The City also collects Madison County taxes levied on properties within the City, under the same terms and conditions outlined above. The City pays the County its levy in full, whereupon unpaid County taxes become the responsibility of the City. The City is also the collection agent for Oneida City School District taxes, and is responsible for making the School District whole. The uncollected school tax is re-levied in January and paid to the School District in April each year.

Tax Levy and Tax Collection Record

| <u>Fiscal Year Ending December 31:</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|--------------|--------------|--------------|--------------|------------------------|
| Total Tax Levy | \$ 3,378,397 | \$ 3,582,357 | \$ 3,593,711 | \$ 3,796,128 | \$ 3,946,012 |
| Amount Uncollected ⁽¹⁾ | 158,397 | 156,518 | 120,374 | 151,500 | 178,795 ⁽²⁾ |
| % Uncollected | 4.69% | 4.37% | 3.35% | 3.99% | 4.53% ⁽²⁾ |

⁽¹⁾ See "Tax Collection Procedure" herein.

⁽²⁾ As of August 29, 2019.

Sales Tax Revenues

The following chart displays the actual amount of Sales Tax Revenues received in the years 2009 through 2018 and the amount budgeted to be received for 2019:

| Fiscal Year | Sales Tax Revenues |
|---|--------------------|
| 2009 | \$ 4,118,682 |
| 2010 | 4,208,329 |
| 2011 | 4,298,408 |
| 2012 | 3,987,720 |
| 2013 | 4,342,151 |
| 2014 | 4,393,903 |
| 2015 | 4,523,402 |
| 2016 | 4,457,691 |
| 2017 | 4,696,747 |
| 2018 | 4,451,482 |
| 2019 (Budgeted) | 4,862,602 |
| 2019 (Collected to Date) ⁽¹⁾ | 2,751,107 |

⁽¹⁾ Collected as of August 29, 2019.

Source: City officials.

Larger Taxpayers 2018 Assessment Roll

| Name | Type | Taxable Assessed Valuation |
|-------------------------------------|---------------------|----------------------------|
| Niagara Mohawk | Utility | \$ 16,436,634 |
| H P Hood ⁽¹⁾ | Dairy Industry | 14,021,800 |
| Nye (XNEA) ⁽²⁾ | Automotive | 12,522,500 |
| Wal Mart | Shopping Center | 9,500,000 |
| Glenwood Plaza LLC | Shopping Center | 9,267,275 |
| S Realty (Lowe's) ⁽¹⁾ | Shopping Center | 7,936,500 |
| WACH (Price Chopper) ⁽²⁾ | Shopping Center | 4,339,100 |
| Oneida Company Ltd | Shopping Center | 2,350,000 |
| Oneida Savings (Community) | Bank | 2,206,000 |
| My Fun Properties | Silver City Labreck | 2,082,600 |
| CSX Transit | Railroad | 2,060,392 |
| East Coast Properties | Apartments | 1,610,000 |
| Cosbros | Dr. Office Complex | 1,511,300 |
| Serendib Management | Dr. Office Complex | 1,328,000 |
| AXAR (Super 8) | Motel | 1,200,000 |
| Total | | <u>\$ 88,372,101</u> |

⁽¹⁾ Business improvement exemptions on these parcels.

⁽²⁾ As of January 1, 2016, these parcels are no longer receiving business improvement exemptions.

As of the date of this Official Statement, the City does not currently have any pending or outstanding tax certioraris that are known or reasonably expected 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>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|---------------------|
| Five Year Average Full Valuation..... | \$ 466,166,306 | \$ 471,450,423 | \$ 476,749,823 |
| Tax Limit - (2%)..... | 9,323,326 | 9,429,008 | 9,534,996 |
| Add: Exclusions from Tax Limit..... | 1,213,838 | 945,624 | 1,236,422 |
| Total Taking Power..... | \$ 10,537,164 | \$ 10,374,632 | \$ 10,771,418 |
| Less: Total Levy..... | 4,408,972 | 4,161,785 | 4,014,838 |
| Constitutional Tax Margin..... | <u>\$ 6,128,192</u> | <u>\$ 6,212,847</u> | <u>\$ 6,756,580</u> |

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: 74% residential; 23% commercial and 3% industrial.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the City is approximately \$3,230 including County, City and City 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 was to expire on June 15, 2020; recent legislation has made it permanent. 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. 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.

STATUS OF 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 Bonds and 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>Fiscal Years Ending December 31:</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Bonds | \$ 10,703,360 | \$ 12,604,226 | \$ 13,234,795 | \$ 12,170,958 | \$ 14,903,104 |
| Bond Anticipation Notes | 2,910,000 | 3,525,109 | 0 | 3,628,433 | 624,000 |
| Other Debt | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Totals | \$ 13,613,360 | \$ 16,129,335 | \$ 13,234,795 | \$ 15,799,391 | \$ 15,527,106 |

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of September 12, 2019.

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Amount</u> |
|--------------------------------|-----------------|---------------------------------|
| <u>Bonds</u> | 2019-2042 | \$ 14,343,970 |
| <u>Bond Anticipation Notes</u> | | |
| Flood Mitigation Project | October 9, 2019 | \$ 624,000 ⁽¹⁾ |
| Oneida Public Library | July 10, 2020 | <u>4,360,599</u> ⁽²⁾ |
| Total Indebtedness | | <u>\$ 19,328,569</u> |

⁽¹⁾ To be redeemed at maturity with the proceeds of the Series B Notes along with \$24,000 available funds of the City.

⁽²⁾ See Capital Project Plans herein

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin shown as of September 12, 2019:

| | |
|---|----------------|
| Five-Year Average Full Valuation of Taxable Real Property | \$ 466,166,306 |
| Debt Limit - 7% thereof | 32,631,641 |

Inclusions:

| | |
|-------------------------------|----------------------|
| Bonds | \$ 14,343,970 |
| Bond Anticipation Notes | 4,984,599 |
| Total Inclusions | <u>\$ 19,328,569</u> |

Exclusions:

| | |
|---------------------------------|---------------------|
| Appropriations | \$ 825,280 |
| Sewer Debt ⁽¹⁾ | 5,782,690 |
| Water Debt ⁽²⁾ | 0 |
| Total Exclusions | <u>\$ 6,607,970</u> |

| | |
|--|----------------------|
| Total Net Indebtedness Subject to Debt Limit | <u>\$ 12,720,599</u> |
| Net Debt-Contracting Margin | <u>\$ 19,911,042</u> |
| Percent of Debt Contracting Power Exhausted | 38.98% |

⁽¹⁾ Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

⁽²⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

The proceeds of the Bonds will increase the net indebtedness of the City by \$1,506,758. The proceeds of the Series A Notes will increase the net indebtedness of the City by \$1,100,000. The proceeds of the Series B Notes will not increase the net indebtedness of the City.

Bonded Debt Service

A schedule of bonded debt service, including the principal of the Bonds, may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

The City has not found it necessary to borrow tax or revenue anticipation notes in the past and does not anticipate the need for borrowing them in the near future.

Capital Project Plans

The City is currently designing and planning a \$1,600,000 Oneida Rail Trail project that is 80% reimbursable through Federal and State aid. The project is approved and underway. The City has approved a serial bond for \$300,000 to be used to cover the 20% share if needed. Borrowing will be determined at the end of the project.

The City owned pool is in need of resurfacing. Sealed bids came in and the City approved a bond resolution of \$148,800 to cover the costs. Repairs have been completed. \$148,800 of the Bonds will be issued for this purpose.

In an effort to minimize the City’s borrowing, it has partnered with Enterprise Fleet Management. The City will be leasing and selling their vehicles through Enterprise to maintain lower repair and maintenance costs.

A DEC Consent Order was issued for the Wastewater Treatment Plant to increase their aeration and to make long term improvements. This project upgraded the diffuser and piping to increase the aeration to the biological environment necessary for the plant to operate. On October 9, 2018, the City along with \$380,000 available funds permanently financed \$1,520,000 of the \$3,628,433 bond anticipation notes that matured October 10, 2018 for the aforementioned purpose. The City renewed the remaining portion of the maturing bond anticipation notes to October 9, 2019. The City has contracted with ESG to design an Energy Performance Contract with guaranteed savings and revenue for the long-term improvements to the Wastewater Treatment Plant. The New York State Environmental Facility Corporation (“NYS EFC”) has offered a 0% interest short- and long-term program to the City for a majority of the project funding. The City approved a bond resolution in the amount of \$34,000,000 as an estimated cost for the total expansion. Applications for the short-term funding were submitted by the June 30, 2019 deadline. The Series A Notes will provide \$1,100,000 new monies for the aforementioned purpose.

The City is reviewing the possibility of entering into an Energy Performance Contract to purchase and replace the street lighting with LED Lighting, providing extensive cost savings to the current utility bills over an extended period of time. On October 9, 2018, the City issued serial bonds to provide \$93,284 new money for the aforementioned purpose for related design phase expenses.

On July 11, 2019, the City issued \$4,360,599 Joint Bond Anticipation Notes, 2019 for the construction of a new public library facility (the "Project") for the Oneida Public Library (the "Library") in the City of Oneida, New York. The Project is authorized at a maximum estimated cost of \$6,117,000 and authorized pursuant to bond resolutions duly adopted by the governing boards of the City and the Towns of Lenox and Lincoln, Madison County, New York and the Towns of Verona, Vernon, and Vienna, Oneida County, New York (collectively the "Joint Obligors"). To support the Project, the Library established a Capital Campaign in November 2012 to solicit donations from private individuals, local small business and private foundations. In addition, Library administrators succeeded in obtaining grants from New York State. Bond anticipation notes are expected to be redeemed through permanent financing through USDA-RD. Under the provisions of the Special Act, the Joint Obligors are required to issue debt to finance the Project on behalf of the Library. The City's share of the bond anticipation notes outstanding is \$2,740,959.

An \$8 million project has been approved by City residents to repair and improve the Glenmore Dam. The project is expected to begin in late 2019 to possibly early 2020.

The City has no other outstanding authorizations to borrow money nor are any other projects contemplated at this time.

2019 Summary of Capital Projects of the City

| <u>Project Type</u> | <u>Estimated Project Cost</u> | <u>Funding Source</u> |
|---|-------------------------------|--------------------------------------|
| Annual Street Paving Program 2019 | 450,000 | General Fund/Aid/Grant |
| 2018, Public Works Garage | 1,900,000 | Aid/Grants |
| 2019 Plow Truck Vehicle Replacement | 245,000 | Salvage/Serial Bond |
| 2019 Sanitary Sewer/Water Extension | 1,182,222 | Aid/Grant/Water & Sewer Fund Balance |
| 2019 Pool Repair | 150,000 | Serial Bond |
| Glenmore Dam Rehabilitation | 8,000,000 | Serial Bond |
| Wastewater Treatment Plant Extension | 34,000,000 | EFC Bond/Grants |
| LED Street Lighting Energy Performance | 990,000 | Serial Bond |
| 2018 Glenmore Treatment Plant generator | 186,000 | Water Fund |

Source: The City.

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 net outstanding indebtedness of such political subdivisions is as follows:

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> ⁽¹⁾ | <u>Estimated Exclusions</u> | <u>Net Indebtedness</u> | <u>City Share</u> | <u>Applicable Net Indebtedness</u> |
|------------------------|-----------------------------|--|-----------------------------|-------------------------|-------------------|------------------------------------|
| County of: | | | | | | |
| Madison | 12/31/2017 | \$ 17,771,937 | \$ 2,579,599 ⁽²⁾ | \$ 15,192,338 | 11.38% | \$ 1,728,888 |
| School District: | | | | | | |
| Oneida City SD | 6/30/2018 | 25,538,327 | 22,652,496 ⁽³⁾ | 2,885,831 | 61.30% | 1,769,014 |
| Stockbridge Valley CSD | 6/30/2018 | 8,280,000 | 8,023,320 ⁽³⁾ | 256,680 | 6.34% | 16,274 |
| Sherrill City SD | 6/30/2018 | 8,975,000 | 7,889,025 ⁽³⁾ | 1,085,975 | 3.55% | 38,552 |
| | | | | | Total: | <u>\$ 3,552,728</u> |

⁽¹⁾ Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

⁽²⁾ Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

⁽³⁾ Estimated State Building aid.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2017 and 2018.

Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of September 12, 2019:

| | <u>Amount</u> | <u>Per Capita</u> ^(a) | <u>Percentage of Full Value</u> ^(b) |
|---|---------------|--------------------------------------|--|
| Net Indebtedness ^(c) | \$ 12,720,599 | \$ 1,156.73 | 2.72% |
| Net Indebtedness Plus Net Overlapping Indebtedness ^(d) | 16,273,327 | 1,479.80 | 3.48 |

(a) The current estimated population of the City is 10,997. (See "THE CITY - Population Trends" herein.)

(b) The City's total full value of taxable real estate for the 2019 fiscal year is \$467,386,278. (See "TAX INFORMATION - Taxable Valuations" herein.)

(c) See "Debt Statement Summary", for the calculation of Net Indebtedness, herein.

(d) The City's share of net overlapping indebtedness is estimated to be \$3,552,728 (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond and 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 Bonds and Notes in the event of a default in the payment of the principal of and interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds) 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 “Nature of 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 Bonds and Notes. The following is a discussion of certain events that could affect the risk of investing in the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds.

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 Bonds and Notes should elect to sell a Bond or 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 Bonds and Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds and 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 Bonds and Notes and other debt issued by the City. Any such future legislation would have an adverse effect on the market value of the Bonds and Notes (See "TAX MATTERS" 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 Bonds and Notes. See "TAX LEVY LIMITATION LAW" herein.

Cybersecurity. The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

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 Bonds and 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 Bonds and Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed forms of opinions of Bond Counsel are set forth in "APPENDIX - F", "APPENDIX - G" and "APPENDIX - H" hereto.

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 Bonds and Notes. The City has covenanted to comply with certain restrictions designed to insure that interest on the Bonds and Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds and Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds and 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 Bonds and Notes may adversely affect the value of, or the tax status of interest on, the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. Prospective purchasers of the Bonds and 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 Bonds and Notes are subject to the respective approving legal opinions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinions at the time of issuance of the Bonds and Notes substantially in the forms set forth in "APPENDIX – F", "APPENDIX – G" and "APPENDIX – H" hereto.

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City Attorney 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 Bonds and Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds and Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Bonds and Notes or contesting the corporate existence or boundaries of the City.

ONEIDA INDIAN NATION

In 1974, the Supreme Court ruled that the Oneida Indian Nation (the "Nation") could assert their land claim against Oneida and Madison Counties in Federal Court. In 1986 the Supreme Court ruled that the Treaty of 1795 between the Nation and New York State had not been approved by Congress and awarded the Nation damages for parcels located in the Counties, including most of the property in the City of Oneida.

In 1993, the Nation opened the Turning Stone Casino in Verona and has been purchasing land within its land claim area. Because the Nation considered itself sovereign, it refused to pay taxes on the land it so acquired, including property located within the City.

Two significant legal developments have recently occurred which have had an impact on Indian land claims. The first development being the Supreme Court decision in the case of the City of Sherrill in which the City of Sherrill claimed they were owed taxes on property which the Nation had acquired within its jurisdiction. In upholding the City of Sherrill's claim for property taxes, the Supreme Court, even though acknowledging that the transaction by which the State acquired property from the Nation was illegal, agreed that the Nation had waited too long to seek possession and monetary damages and that the impact of such a delay on the "justifiable expectations" of non-Indian communities was significant. A subsequent decision by the Second Circuit Court of Appeals dismissing a Cayuga land claim action for waiting too long to reclaim their original reservation cited the City of Sherrill decision indicating that it has "dramatically altered the legal landscape" of Indian land claims.

Although these decisions do not, in and of themselves, overrule the 1986 Supreme Court decision involving the Nation, it is unclear at this time what the impact of such recent decisions will have on the negotiations which are still ongoing between the counties, the State of New York and the Nation over its land claim. The one clear result, however, is that the land purchased by the Nation in the City is subject to taxation. All back taxes been paid to the City.

On May 30, 2013, pursuant to a negotiated and structured settlement agreement among the Oneida Indian Nation, the State of New York and the County of Madison & County of Oneida, the City's previous agreement with the Oneida Indian Nation wherein the Nation was paying taxes to the City, became null. The annual financial loss of revenue to the City is over \$160,000.

INDIAN LAND CLAIMS

1. The Oneida Indian Nation of New York State, et al. v. The County of Oneida New York and the County of Madison, New York

Civil Action No. 74-CV-187

The County of Oneida was a defendant in another Indian land claim entitled, The Oneida Indian Nation of New York State, The Oneidas of the Thames, and the Oneida Tribe of Indians of Wisconsin, Inc. vs. The County of Oneida, New York, and the County of Madison, New York, which was brought in the United States District Court for the Northern District of New York in 1974. This action asserted possessory rights by three Oneida tribes to approximately 250,000 acres acquired by the State from the Oneida Indian Nation between 1795 and 1846. In June, 1998, the United States intervened in the action on behalf of the Oneidas against the Counties. In December, 1998, both the Oneidas and the U. S. sought permission to amend their complaints by adding, as a plaintiff, the Oneida of the Thames, and as defendants, the State and a class of 20,000 private landowners to the action, seeking damages plus interest computed from the dates of multiple treaties entered into between 1795 and 1846, and seeking possession of the land. On September 25, 2000, Judge McCurn denied the applications to add the private landowners and to seek possession but granted the applications to add the Oneida of the Thames as a plaintiff and the State as a defendant. The case was thereafter transferred to U. S. District Court Judge Lawrence E. Kahn. The plaintiffs filed amended complaints adding the State and seeking (1) a declaration that the plaintiff tribes had possessory rights to the land claim area; (2) damages under multiple theories regarding the subject lands which were allegedly wrongfully acquired from the Oneidas. The defendants filed responsive pleadings on January 12, 2001, which asserted various defenses and counterclaims. The New York Brothertown Indian Nation moved to intervene in the case as a plaintiff, and its motion was granted. The plaintiffs and plaintiff-intervenors moved to strike and dismiss the defenses and counterclaims, and those motions were granted in part and denied in part. Discovery was had. In August 2006, defendants moved for summary judgment to dismiss the action. In May 2007, Judge Kahn granted dismissal of all claims against the County, leaving only a monetary claim against the State. Both the plaintiffs and the State have filed appeals, which were argued on June 3, 2008. In August 2010, the Second Circuit reversed Judge Kahn in part, and completely dismissed all of plaintiff's claims. The Supreme Court refused certiorari in October 2011. Therefore the case is now dismissed, with no liability against the County. The case is included here only for historical information.

2. Stockbridge-Munsee Community, et al. v. New York State, et al.

Civil Action No. 86-CV-1140

In addition to the litigation noted above, the County is also a defendant in another Indian claim entitled Stockbridge-Munsee Community, et al. v. New York State, et al. This case was filed in October of 1986 in the United States District Court for the Northern District of New York. It involves a claim by the Stockbridge-Munsee Indian Community to land located in parts of the Towns of Augusta and Vernon in Oneida County but not within the area claimed in The Oneida Indian Nation of New York State, et al. v. The County of Oneida, New York and the County of Madison, New York. The issues, in many respects, are similar to those in the Oneida cases described above. The Oneida Indian Nation of New York has intervened in this action, and the Court has pending before it cross-motions to dismiss the complaint and for summary judgment. Although the claim differs in some respects from the Oneida Indian Nation claim, the County is optimistic that this claim will also be resolved in the County's favor.

3. Oneida Indian Nation v. Madison and Oneida Counties

Civil Action No. 05-6408-CV(L)

The County is currently litigating its right to foreclose upon Oneida Indian Nation properties in the above case. Judge David Hurd ruled against the County in June 2006; an appeal was argued in November 2007 in the Second Circuit Court of Appeals. Judge Hurd was upheld in April 2010 by the Second Circuit; the Supreme Court granted the County's request to hear an appeal but, after the Nation waived one of its defenses, that Court sent the case back to the Second Circuit for further consideration. In October 2011, the Second Circuit reversed Judge Hurd and held in favor of the County on 3 of the 4 grounds his decision was based on and referred the 4th ground to State Courts. Before state court action can proceed, however, the County wishes to resolve the related issue regarding current status of the Oneida Indian reservation, and is currently seeking certiorari on that issue.

4. State of New York v. Salazar

Civil Action No. 6:08-CV-00644 (LEK) (GJD)

On May 20, 2008, the Department of the Interior issued its decision to take 8,833 acres of land in Oneida County as well as some land in Madison County, into trust for the Oneida Indian Nation. New York State and both Counties filed the above entitled suit to overturn that decision. In September 2009, Judge Kahn dismissed some of the Counties causes of action; however, most remain and can be appealed. Additional summary judgment motions have been filed by both parties, and they are now pending. Currently, the issue is whether the Department of Interior (DOI) is entitled to take land into trust on behalf of the Oneida Indian Nation (OIN). The State of New York and Counties rely upon Carcieri v. Salazar, 555 US 379 (2009) in their opposition. In Carcieri, the Court held: "That the term "now under federal jurisdiction in 479 unambiguously refers to those tribes that were under the federal jurisdiction of the United States when the IRA was enacted in 1934" (Carcieri v. Salazar, 555 US 379 @395 (2009)). The State and the Counties allege that because the Oneida's did not ratify the Indian Reorganization Act of 1934, they are not "now under Federal Jurisdiction" as referred to in 25 U.S.C. 479 of the Act and therefore the DOI is not entitled to take land into trust on behalf of the OIN. It is alleged that ratification of the Indian Reorganization Act of 1934 is necessary to determine eligibility for land into trust. The case has been remanded to the Bureau of Indian Affairs by Judge Kahn in 2012. Members of Congress however have asserted that any alterations to the Carcieri, decision must be made through Congressional legislation not agency action. The case is still in its early stages and at this time it is not possible to predict the outcome of this litigation.

It is noted that the trust application may have indirect implications for the Counties with regard to future tax revenues, if the tribes succeed and therefore remove this and/or any additional land from the tax rolls (taxes have not been paid on these land for many years.) However, the State has for years made impact payments to the County for such loss, such impact payments may be a part of any eventual outcome of these matters, whether they are terminated by litigation or settlement. It is not possible to predict whether the County will ultimately lose tax revenues as a result of the trust application. For these reasons stated above, it is very possible that this case will not have great financial impact on the County, but some impact is possible.

Comprehensive Agreement

On May 16, 2013, Governor Cuomo announced an agreement between the State, Oneida Nation, and Oneida and Madison Counties. The agreement settled multiple, long-standing disputes, paves the way to end years of litigation over property tax, land and reservation issues. The agreement is detailed below:

Tribal Revenue Sharing with State and Local Governments and Gaming Exclusivity:

Under the agreement, the Oneida Nation will receive exclusive rights to casino gaming in a ten-county region of Central New York (Cayuga, Chenango, Cortland, Herkimer, Lewis, Madison, Oneida, Onondaga, Oswego, and Otsego counties). Vernon Downs will be authorized to continue its existing harness racing and video lottery facility. In exchange, the Nation will devote 25% of its net gaming revenue from its slot machines to the State of New York. Based on current Oneida gaming revenues, that would be approximately \$50 million annually to the State. From the State share there would be distributions as follows:

- **Oneida County**, as the host county, will receive 25% of the State's payment annually and in addition will receive a \$2.5 million payment from the State share to settle back property tax claims. The County received approximately \$12.9 million in 2014. The additional \$2.5 million will be paid over the next 19 ¼ years to cover tax claims.
- **Madison County** will receive \$3.5 million per year from the State share, and in addition will receive a one-time payment of \$11 million from the Oneida Nation to settle past tax claims. The \$11 million transfer took place on March 11, 2014.

Settling Land Claims:

Under the settlement, the Oneida Nation will agree to a permanent cap of approximately 25,000 acres of land which may be taken into trust by the Department of Interior as Nation land. Oneida and Madison Counties will drop their legal claims concerning land disputes against the Oneida Nation, currently pending in the courts, and the State will withdraw its support for those legal claims. The Nation expressly waives its rights of sovereignty over any land over the cap amount.

Ending Unfair Competition:

The settlement requires the Oneida Nation to impose a Nation sales tax that equals or exceeds the State's and counties' sales, use and occupancy taxes. Under the agreement:

- The Nation sales tax would apply to all cigarettes, motor fuel, and all other sales by Indian retailers to non-Indians.
- The Nation must adhere to minimum pricing standards for cigarette products.
- The Nation must use sales tax revenues only for the same types of governmental programs to which the State and Counties devote their tax revenues.

Source: <http://www.governor.ny.gov/>.

CONTINUING DISCLOSURE

In order to assist the purchaser(s) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking Certificate with respect to the Bonds, the form of which is attached hereto as "APPENDIX – C" and a Material Event Notices Certificate with respect to the Notes, the form of which is 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, has failed to provide material event notices relating to bond insurance rating changes as required by an existing continuing disclosure undertaking. The underlying rating of the City was not affected by such rating actions.

BOND AND NOTE RATING

The Notes are not rated. The purchaser of the Notes may choose to have a rating completed after the sale at the expense of the purchaser, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – D, MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their rating of "AA-" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

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 Bonds may have an adverse effect on the market price of the Bonds and Notes.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission 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 Bonds and Notes. The advice on the plan of financing and the structuring of the Bonds and Notes was based on materials provided by the District 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. The fees to be paid by the City to the Municipal Advisor may be partially contingent on the successful closing of the Bonds and Notes.

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 Bonds and Notes. All expenses in relation to the printing of CUSIP numbers on the Bonds and 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.

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 Bonds and 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.

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 Bonds and 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 Bonds and 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 Bonds and Notes by the City and may not be reproduced or used in whole or in part for any other purpose.

The Municipal Advisor may place a copy of this Official Statement on its website at 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. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the City also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City contact information is as follows: Lee Ann Wells, City Comptroller, 109 North Main Street, Oneida, New York 13421, Phone: (315) 363-2022, Fax: (315) 363-9558, Email: lwells@oneidacity.com.

Additional copies of the Notice of Private Competitive Bond Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

CITY OF ONEIDA

Dated: September 19, 2019

LEE ANN WELLS
CITY COMPTROLLER AND CHIEF FINANCIAL OFFICER

GENERAL FUND

Balance Sheets

| Fiscal Year Ending December 31: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>ASSETS</u> | | | | | |
| Cash and Short-term Investments | \$ 3,499,078 | \$ 2,942,712 | \$ 1,902,603 | \$ 1,707,933 | \$ 743,737 |
| Restricted Cash | - | 7,047 | - | - | 52,420 |
| Receivable-Taxes | 1,297,958 | 1,411,272 | 1,492,306 | 1,552,543 | 1,537,487 |
| Receivable-Other | 41,736 | 39,231 | 30,190 | 19,425 | 7,196 |
| Property aquired for taxes | - | - | 161,497 | 184,696 | 194,100 |
| Accounts receivable | - | - | - | - | 174,482 |
| State & Federal Aid Receivables | - | - | - | - | - |
| Due from Other Funds | 13,949 | 9,693 | 1,000,453 | 1,957,272 | 2,072,778 |
| Due from Other Governments | 597,580 | 413,600 | 380,547 | 499,591 | 395,638 |
| Prepaid Expenditures | 386,535 | 331,647 | 344,342 | 349,497 | 360,258 |
| TOTAL ASSETS | <u>5,836,836</u> | <u>5,155,202</u> | <u>5,311,938</u> | <u>6,270,957</u> | <u>5,538,096</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | | |
| Accounts Payable | \$ 47,390 | \$ 54,277 | \$ 50,238 | \$ 53,474 | \$ 124,410 |
| Accrued Liabilities | 151,153 | 49,236 | 64,641 | 78,189 | 89,999 |
| Due to Other Governments | - | - | 63,491 | 178,233 | 19,148 |
| Due to Other Funds | 208,073 | - | - | - | 12,040 |
| Other Liabilities | - | - | - | - | - |
| Bond Interest and Long Term Liabilities | 90,912 | 91,018 | - | - | - |
| Deferred Revenue | 1,212,187 | 1,235,536 | 1,401,401 | 1,864,973 | 1,478,659 |
| TOTAL LIABILITIES | <u>1,709,715</u> | <u>1,430,067</u> | <u>1,579,771</u> | <u>2,174,869</u> | <u>1,724,256</u> |
| <u>FUND EQUITY</u> | | | | | |
| Nonspendable | \$ 428,784 | \$ 447,393 | \$ 505,839 | \$ 534,193 | \$ 554,358 |
| Restricted | - | 7,047 | - | - | 52,420 |
| Assigned | 1,252,305 | 489,882 | 172,417 | 111,432 | 158,846 |
| Unassigned | 2,446,032 | 2,780,813 | 3,053,910 | 3,450,463 | 3,048,216 |
| TOTAL FUND EQUITY | <u>4,127,121</u> | <u>3,725,135</u> | <u>3,732,166</u> | <u>4,096,088</u> | <u>3,813,840</u> |
| TOTAL LIABILITIES and FUND EQUITY | <u>\$ 5,836,836</u> | <u>\$ 5,155,202</u> | <u>\$ 5,311,937</u> | <u>\$ 6,270,957</u> | <u>\$ 5,538,096</u> |

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending December 31: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Real Property Taxes | \$ 3,087,784 | \$ 3,525,937 | \$ 3,790,363 | \$ 3,884,964 | \$ 4,211,571 |
| Real Property Tax Items | 188,717 | 205,699 | 215,295 | 259,941 | 201,736 |
| Non-Property Tax Items | 4,633,048 | 4,738,507 | 4,677,591 | 4,890,066 | 4,707,367 |
| Departmental Income | 223,825 | 193,363 | 176,128 | 181,194 | 197,601 |
| Intergovernmental Charges | 683,818 | 20,282 | 13,348 | 22,626 | 2,391 |
| Tribal Compact Moneys | - | 162,861 | 202,152 | 185,837 | 163,009 |
| Use of Money & Property | 19,649 | 23,339 | 15,643 | 12,431 | 17,590 |
| Licenses and Permits | 89,864 | 94,029 | 49,230 | 279,954 | 148,887 |
| Fines and Forfeitures | 124,068 | 98,583 | 103,177 | 100,346 | 98,874 |
| Sale of Property and Compensation for Loss | 69,825 | 217,605 | 24,800 | 119,523 | 94,905 |
| Miscellaneous | 32,724 | 33,946 | 24,154 | - | 6,596 |
| Interfund Revenues | - | - | - | - | - |
| Revenues from State Sources | 1,920,022 | 1,905,497 | 1,907,860 | 2,026,221 | 1,986,834 |
| Revenues from Federal Sources | - | - | - | 2,215 | - |
| Total Revenues | <u>\$ 11,073,344</u> | <u>\$ 11,219,648</u> | <u>\$ 11,199,741</u> | <u>\$ 11,965,318</u> | <u>\$ 11,837,361</u> |
| EXPENDITURES | | | | | |
| General Government Support | \$ 1,204,878 | \$ 1,204,098 | \$ 1,102,312 | \$ 1,178,564 | \$ 1,289,363 |
| Education | - | - | - | - | - |
| Public Safety | 3,999,201 | 3,985,975 | 3,942,832 | 4,184,327 | 4,340,812 |
| Health | 38,806 | 18,463 | 20,587 | 5,806 | 69,348 |
| Transportation | 1,146,533 | 1,368,807 | 1,058,333 | 1,071,350 | 1,268,078 |
| Economic Assistance and Opportunity | 1,500 | 1,500 | 1,500 | 750 | 1,000 |
| Home and Community Services | 374,267 | 365,257 | 396,183 | 404,233 | 210,083 |
| Culture and Recreation | 278,221 | 174,737 | 352,154 | 427,640 | 477,999 |
| Employee Benefits | 3,904,489 | 3,906,488 | 3,981,447 | 4,083,804 | 4,069,739 |
| Debt Service | 426,847 | 489,699 | 521,104 | 545,785 | 474,017 |
| Total Expenditures | <u>\$ 11,374,742</u> | <u>\$ 11,515,024</u> | <u>\$ 11,376,452</u> | <u>\$ 11,902,259</u> | <u>\$ 12,200,439</u> |
| Excess of Revenues Over (Under) Expenditures | <u>\$ (301,398)</u> | <u>\$ (295,376)</u> | <u>\$ (176,711)</u> | <u>\$ 63,059</u> | <u>\$ (363,078)</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | 173,834 | 237,317 | 192,616 | 300,863 | 119,619 |
| Operating Transfers Out | (317,073) | (343,927) | (8,874) | - | (38,789) |
| Total Other Financing | <u>(143,239)</u> | <u>(106,610)</u> | <u>183,742</u> | <u>300,863</u> | <u>80,830</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(444,637)</u> | <u>(401,986)</u> | <u>7,031</u> | <u>363,922</u> | <u>(282,248)</u> |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 4,571,758 | 4,127,121 | 3,725,135 | 3,732,166 | 4,096,088 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | <u>\$ 4,127,121</u> | <u>\$ 3,725,135</u> | <u>\$ 3,732,166</u> | <u>\$ 4,096,088</u> | <u>\$ 3,813,840</u> |

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <u>Adopted</u> | <u>Adopted</u> | <u>Adopted</u> | <u>Adopted</u> | <u>Adopted</u> |
| | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> | <u>Budget</u> |
| REVENUES | | | | | |
| Real Property Taxes | \$ 3,381,897 | \$ 3,963,343 | \$ 3,980,319 | \$ 4,202,892 | \$ 4,372,040 |
| Real Property Tax Items | 175,000 | 207,414 | 213,000 | 202,600 | 254,000 |
| Non-Property Tax Items | 4,556,000 | 4,690,000 | 4,850,500 | 5,012,257 | 5,107,602 |
| Departmental Income | 200,925 | 193,785 | 214,260 | 231,870 | 260,430 |
| Intergovernmental Charges | 419,311 | 189,150 | 196,617 | 222,650 | 296,150 |
| Use of Money & Property | 18,000 | 22,800 | 27,800 | 21,800 | 16,800 |
| Licenses and Permits | 58,890 | 84,540 | 64,540 | 79,040 | 227,540 |
| Fines and Forfeitures | 105,000 | 111,000 | 104,000 | 103,700 | 93,500 |
| Sale of Property and | | | | | |
| Compensation for Loss | 10,000 | 37,048 | 73,500 | 85,000 | 75,000 |
| Miscellaneous | 116,577 | 14,000 | 18,937 | 18,500 | 11,050 |
| Interfund Revenues | 187,161 | - | - | - | - |
| Revenues from State Sources | 1,854,381 | 1,903,352 | 1,900,797 | 1,900,052 | 1,901,827 |
| Revenues from Federal Sources | - | - | - | - | - |
| Total Revenues | <u>\$ 11,083,142</u> | <u>\$ 11,416,432</u> | <u>\$ 11,644,270</u> | <u>\$ 12,080,361</u> | <u>\$ 12,615,939</u> |
| Total Revenues & Other Sources | <u>11,083,142</u> | <u>11,416,432</u> | <u>11,644,270</u> | <u>12,080,361</u> | <u>12,615,939</u> |
| EXPENDITURES | | | | | |
| General Government Support | \$ 1,230,661 | \$ 1,254,865 | \$ 1,195,051 | \$ 1,139,062 | \$ 1,434,112 |
| Education | - | - | - | - | - |
| Public Safety | 4,031,795 | 4,178,946 | 4,091,630 | 4,349,780 | 4,591,127 |
| Health | 31,327 | 47,748 | 13,855 | 69,177 | 79,745 |
| Transportation | 1,259,355 | 1,228,854 | 1,097,691 | 1,306,239 | 1,439,777 |
| Economic Assistance and | | | | | |
| Opportunity | - | - | 750 | 1,000 | 1,000 |
| Culture and Recreation | 414,645 | 416,075 | 423,441 | 495,434 | 462,135 |
| Home and Community Services | 297,096 | 350,510 | 468,002 | 226,679 | 241,300 |
| Employee Benefits | 4,493,557 | 4,042,339 | 4,277,255 | 4,264,810 | 4,066,942 |
| Debt Service | 432,693 | 524,468 | 545,788 | 478,006 | 750,527 |
| Total Expenditures | <u>\$ 12,191,129</u> | <u>\$ 12,043,805</u> | <u>\$ 12,113,463</u> | <u>\$ 12,330,187</u> | <u>\$ 13,066,665</u> |
| Excess of Revenues Over (Under) | <u>(1,107,987)</u> | <u>(627,373)</u> | <u>(469,193)</u> | <u>(249,826)</u> | <u>(450,726)</u> |
| Expenditures | | | | | |
| Other Financing Sources (Uses): | - | 178,533 | 144,709 | 119,957 | 252,945 |
| Operating Transfers In | | | | | |
| Operating Transfers Out | <u>(137,515)</u> | <u>(7,810)</u> | <u>(41,333)</u> | <u>(83,400)</u> | <u>(200,000)</u> |
| Total Other Financing | <u>(137,515)</u> | <u>170,723</u> | <u>103,376</u> | <u>36,557</u> | <u>52,945</u> |
| Excess of Revenues and Other | <u>(1,245,502)</u> | <u>(456,650)</u> | <u>(365,817)</u> | <u>(213,269)</u> | <u>(397,781)</u> |
| Sources Over (Under) Expenditures | | | | | |
| and Other Uses | | | | | |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 1,245,502 | 456,650 | 365,817 | 213,269 | 397,781 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Source: Annual financial report and budgets of the City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

| Fiscal Year Ending December 31: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------|--------------|--------------|--------------|-----------------------------|--------------|
| WATER FUND | | | | | |
| Fund Equity - Beginning of Year | \$ 2,567,826 | \$ 2,253,825 | \$ 2,816,326 | \$ 3,306,856 ⁽¹⁾ | \$ 3,580,338 |
| Prior Period Adjustments (net) | (1) | 3 | - | - | - |
| Revenues & Other Sources | 3,302,548 | 3,368,498 | 3,491,086 | 3,332,282 | 3,621,615 |
| Expenditures & Other Uses | 3,616,548 | 2,806,000 | 2,883,205 | 3,058,800 | 3,212,438 |
| Fund Equity - End of Year | 2,253,825 | 2,816,326 | 3,424,207 | 3,580,338 | 3,989,515 |
| SEWER FUND | | | | | |
| Fund Equity - Beginning of Year | \$ 2,051,977 | \$ 2,643,258 | \$ 2,742,333 | \$ 2,087,085 | \$ 1,451,160 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Revenues & Other Sources | 3,072,249 | 2,239,388 | 2,429,815 | 2,181,495 | 2,525,739 |
| Expenditures & Other Uses | 2,480,968 | 2,140,313 | 3,085,063 | 2,817,420 | 2,449,231 |
| Fund Equity - End of Year | 2,643,258 | 2,742,333 | 2,087,085 | 1,451,160 | 1,527,668 |

⁽¹⁾ The Water Fund balance as of January 1, 2017 has been restated to reflect the correction of an error. As of December 31, 2016, the City's financial statements erroneously overstated accounts receivable and revenue by \$118,320 and understated contracts receivable and revenue by \$1,002. See Note 1 to the Audited Financial Statements, attached hereto as "APPENDIX - E".

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

BONDED DEBT SERVICE

| Fiscal Year Ending December 31st | Excluding the Bonds to be Issued | | | Principal of the Bonds | Total Principal |
|--|----------------------------------|------------------------|-------------------------|---------------------------|----------------------|
| | Principal | Interest | Total | | |
| 2019 | \$ 1,360,414 | \$ 255,881.60 | \$ 1,616,295.60 | \$ - | \$ 1,360,414 |
| 2020 | 1,104,134 | 228,418.75 | 1,332,552.75 | 101,758 | 1,205,892 |
| 2021 | 1,099,134 | 205,943.75 | 1,305,077.75 | 100,000 | 1,199,134 |
| 2022 | 1,074,134 | 183,443.75 | 1,257,577.75 | 105,000 | 1,179,134 |
| 2023 | 1,094,134 | 160,493.75 | 1,254,627.75 | 110,000 | 1,204,134 |
| 2024 | 809,134 | 136,943.75 | 946,077.75 | 110,000 | 919,134 |
| 2025 | 814,134 | 124,493.75 | 938,627.75 | 115,000 | 929,134 |
| 2026 | 824,134 | 109,537.50 | 933,671.50 | 115,000 | 939,134 |
| 2027 | 809,134 | 94,193.75 | 903,327.75 | 115,000 | 924,134 |
| 2028 | 819,134 | 78,756.25 | 897,890.25 | 120,000 | 939,134 |
| 2029 | 814,134 | 62,793.75 | 876,927.75 | 100,000 | 914,134 |
| 2030 | 569,135 | 46,893.75 | 616,028.75 | 100,000 | 669,135 |
| 2031 | 534,135 | 38,268.75 | 572,403.75 | 105,000 | 639,135 |
| 2032 | 474,135 | 30,456.25 | 504,591.25 | 105,000 | 579,135 |
| 2033 | 389,135 | 24,443.75 | 413,578.75 | 105,000 | 494,135 |
| 2034 | 344,135 | 21,068.75 | 365,203.75 | | 344,135 |
| 2035 | 344,135 | 19,212.50 | 363,347.50 | | 344,135 |
| 2036 | 354,135 | 17,287.50 | 371,422.50 | | 354,135 |
| 2037 | 354,135 | 15,012.50 | 369,147.50 | | 354,135 |
| 2038 | 359,135 | 12,737.50 | 371,872.50 | | 359,135 |
| 2039 | 359,135 | 10,200.00 | 369,335.00 | | 359,135 |
| 2040 | 70,000 | 7,662.50 | 77,662.50 | | 70,000 |
| 2041 | 65,000 | 5,037.50 | 70,037.50 | | 65,000 |
| 2042 | 65,000 | 2,518.75 | 67,518.75 | | 65,000 |
| TOTALS | \$ 14,903,104 | \$ 1,891,700.35 | \$ 16,794,804.35 | \$ 1,506,758 | \$ 16,409,862 |

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending December 31st | 2009 WWTP - EFC | | | 2011 Water Storage Improvements - EFC | | | 2011 Various Improvements & Equipment Purchases | | |
|--|--------------------|----------|-----------------|--|-------------|---------------|--|---------------|-----------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2019 | \$ 289,134 | \$ - | \$ 289,134.00 | \$ 270,000 | \$ 8,046.00 | \$ 278,046.00 | \$ 215,000 | \$ 43,050.00 | \$ 258,050.00 |
| 2020 | 289,134 | - | 289,134.00 | - | - | - | 225,000 | 35,525.00 | 260,525.00 |
| 2021 | 289,134 | - | 289,134.00 | - | - | - | 230,000 | 27,650.00 | 257,650.00 |
| 2022 | 289,134 | - | 289,134.00 | - | - | - | 240,000 | 19,600.00 | 259,600.00 |
| 2023 | 289,134 | - | 289,134.00 | - | - | - | 250,000 | 10,000.00 | 260,000.00 |
| 2024 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2025 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2026 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2027 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2028 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2029 | 289,134 | - | 289,134.00 | - | - | - | - | - | - |
| 2030 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2031 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2032 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2033 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2034 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2035 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2036 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2037 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2038 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| 2039 | 289,135 | - | 289,135.00 | - | - | - | - | - | - |
| TOTALS | \$ 6,071,824 | \$ - | \$ 6,071,824.00 | \$ 270,000 | \$ 8,046.00 | \$ 278,046.00 | \$ 1,160,000 | \$ 135,825.00 | \$ 1,295,825.00 |

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending December 31st | 2015 | | | 2016 | | | 2018 | | |
|--|--------------------------------|----------------------|------------------------|---------------------|----------------------|------------------------|--|------------------------|------------------------|
| | Fishing Creek & Municipal Roof | | | Various Purposes | | | Various Improvements & Equipment Purchases | | |
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2019 | \$ 185,000 | \$ 57,750.00 | \$ 242,750.00 | \$ 115,000 | \$ 28,387.50 | \$ 143,387.50 | \$ 286,280 | \$ 118,648.10 | \$ 404,928.10 |
| 2020 | 190,000 | 54,050.00 | 244,050.00 | 120,000 | 26,087.50 | 146,087.50 | 280,000 | 112,756.25 | 392,756.25 |
| 2021 | 195,000 | 50,250.00 | 245,250.00 | 100,000 | 23,687.50 | 123,687.50 | 285,000 | 104,356.25 | 389,356.25 |
| 2022 | 200,000 | 46,350.00 | 246,350.00 | 100,000 | 21,687.50 | 121,687.50 | 245,000 | 95,806.25 | 340,806.25 |
| 2023 | 205,000 | 42,350.00 | 247,350.00 | 105,000 | 19,687.50 | 124,687.50 | 245,000 | 88,456.25 | 333,456.25 |
| 2024 | 210,000 | 38,250.00 | 248,250.00 | 105,000 | 17,587.50 | 122,587.50 | 205,000 | 81,106.25 | 286,106.25 |
| 2025 | 215,000 | 34,050.00 | 249,050.00 | 105,000 | 15,487.50 | 120,487.50 | 205,000 | 74,956.25 | 279,956.25 |
| 2026 | 220,000 | 27,600.00 | 247,600.00 | 110,000 | 13,387.50 | 123,387.50 | 205,000 | 68,550.00 | 273,550.00 |
| 2027 | 225,000 | 21,000.00 | 246,000.00 | 90,000 | 11,050.00 | 101,050.00 | 205,000 | 62,143.75 | 267,143.75 |
| 2028 | 235,000 | 14,250.00 | 249,250.00 | 90,000 | 9,025.00 | 99,025.00 | 205,000 | 55,481.25 | 260,481.25 |
| 2029 | 240,000 | 7,200.00 | 247,200.00 | 90,000 | 6,775.00 | 96,775.00 | 195,000 | 48,818.75 | 243,818.75 |
| 2030 | - | - | - | 95,000 | 4,412.50 | 99,412.50 | 185,000 | 42,481.25 | 227,481.25 |
| 2031 | - | - | - | 60,000 | 1,800.00 | 61,800.00 | 185,000 | 36,468.75 | 221,468.75 |
| 2032 | - | - | - | - | - | - | 185,000 | 30,456.25 | 215,456.25 |
| 2033 | - | - | - | - | - | - | 100,000 | 24,443.75 | 124,443.75 |
| 2034 | - | - | - | - | - | - | 55,000 | 21,068.75 | 76,068.75 |
| 2035 | - | - | - | - | - | - | 55,000 | 19,212.50 | 74,212.50 |
| 2036 | - | - | - | - | - | - | 65,000 | 17,287.50 | 82,287.50 |
| 2037 | - | - | - | - | - | - | 65,000 | 15,012.50 | 80,012.50 |
| 2038 | - | - | - | - | - | - | 70,000 | 12,737.50 | 82,737.50 |
| 2039 | - | - | - | - | - | - | 70,000 | 10,200.00 | 80,200.00 |
| 2040 | - | - | - | - | - | - | 70,000 | 7,662.50 | 77,662.50 |
| 2041 | - | - | - | - | - | - | 65,000 | 5,037.50 | 70,037.50 |
| 2042 | - | - | - | - | - | - | 65,000 | 2,518.75 | 67,518.75 |
| TOTALS | \$ 2,320,000 | \$ 393,100.00 | \$ 2,713,100.00 | \$ 1,285,000 | \$ 199,062.50 | \$ 1,484,062.50 | \$ 3,796,280 | \$ 1,155,666.85 | \$ 4,951,946.85 |

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements 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"), the City has agreed to provide, or cause to be provided,

- (i) 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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated September 24, 2019 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDICES – C, D, F, G & H" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2019, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2019; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (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; and;

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a "financial obligation" (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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 Bonds; 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.

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

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 Bonds.

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 reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds 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.

A "Continuing Disclosure Undertaking" Certificate to this effect shall be provided to the purchaser at closing.

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES

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 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 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 Note, 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 Note
- (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
- (o) incurrence of a "financial obligation" (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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.

For the purposes of the event identified in paragraph (l) of this section, 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 governmental 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.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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 Notes; 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 Notes within the meaning of the Rule. The City 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.

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

CITY OF ONEIDA
MADISON COUNTY, NEW YORK

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

December 31, 2018

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 ONEIDA, NEW YORK

**Financial Statements as of
December 31, 2018
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

CITY OF ONEIDA, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

May 20, 2019

To the Common Council of the
City of Oneida, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oneida, New York (the City), as of and for the year ended December 31, 2018, 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 of America. 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 unmodified and adverse audit opinions.

Summary of Opinions

| Opinion Unit | Type of Opinion |
|---|------------------------|
| Governmental Activities | Unmodified |
| Aggregate Discretely Presented Component Unit | Adverse |
| Major Fund: General Fund | Unmodified |
| Major Fund: Community Development Fund | Unmodified |
| Major Fund: Water Fund | Unmodified |
| Major Fund: Capital Fund | Unmodified |
| Major Fund: Sewer Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit

Management has not included the Oneida Public Library (Library), a discretely presented component unit in the City's financial statements. Accounting principles generally accepted in the United States of America require the Library to be presented in the City's basic financial statements as a discretely presented component unit. The amount by which this departure would effect this disclosure of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses of the omitted component unit has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the Oneida Public Library as of December 31, 2018, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 other than the Oneida Public Library (discretely presented component unit) and the aggregate remaining fund information of the City of Oneida, New York as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As described in Notes 1 and 9 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions - an amendment of GASB 45*. As a result, a net adjustment was made to decrease net position at January 1, 2018 by \$21,365,341. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total other postemployment benefit liabilities and related ratios, schedule of funding progress and schedules of proportionate share of net pension liability and contributions 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.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oneida, New York's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2019, on our consideration of the City of Oneida, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oneida, New York's internal control over financial reporting and compliance.

CITY OF ONEIDA, NEW YORK

Management's Discussion and Analysis (Unaudited)

The City of Oneida's management discussion and analysis provides an overview of the City's activities for the fiscal year ended December 31, 2018. Since this information is designed to focus on current years activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

The City's net position is reflected as \$(6,227,656)

The General Fund's fund balance decreased 6.89% to a total balance of \$3,813,840.

The Water Fund's fund balance increased 11.43% to a total balance of \$3,989,515.

The Sewer Fund's fund balance increased 5.27% to a total balance of \$1,527,668.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; Management's Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements consist of Government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

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

The Statement of Net Position

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

The Statement of Activities

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

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the City are reported in the governmental funds and the fiduciary funds.

Management's Discussion and Analysis (Unaudited)

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

Government Funds

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

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

The City maintains six individual governmental funds. General, Community Development, Water, Sewer and Capital funds, is considered to be a major fund and is presented separately in the fund financial statement. The Miscellaneous Special Revenue is presented as the Non-Major Governmental Fund on the fund financial statement.

Fiduciary Funds

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

CITY OF ONEIDA, NEW YORK**Management's Discussion and Analysis (Unaudited)****FINANCIAL ANALYSIS OF THE CITY AS A WHOLE****Net Position**

The City's total Net Position increased \$156,603 between fiscal year 2018 and 2017. A summary of the City's Statement of Net Position at December 31, 2018 and 2017 is as follows:

| | 2018 | Restated 2017 | Increase (Decrease) | % Change |
|---|----------------------|----------------------|------------------------|----------|
| Current and Other Assets | \$ 13,187,690 | \$ 15,930,458 | \$ (2,742,768) | -17.2% |
| Capital Assets, (Net of Accumulated Depreciation) | <u>40,605,560</u> | <u>38,382,686</u> | 2,222,874 | 5.8% |
| Total Assets | <u>53,793,250</u> | <u>54,313,144</u> | (519,894) | -1.0% |
| Deferred Outflows of Resources-Pensions | <u>4,072,939</u> | <u>3,396,442</u> | 676,497 | 19.9% |
| Total Assets and Deferred Outflows of Resources | <u>57,866,189</u> | <u>57,709,586</u> | 156,603 | 0.3% |
| Current Liabilities | 1,915,056 | 1,497,208 | 417,848 | 27.9% |
| Bond Anticipation Note Payable | 624,000 | 3,628,433 | (3,004,433) | -82.8% |
| Pension Liability-Proportionate Share | 1,391,254 | 3,241,817 | (1,850,563) | -57.1% |
| Long Term Liabilities | <u>56,742,236</u> | <u>31,680,980</u> | 25,061,256 | 79.1% |
| Total liabilities | <u>60,672,546</u> | <u>40,048,438</u> | | |
| Deferred Inflows of Resources-Pensions | <u>3,421,299</u> | <u>824,808</u> | 2,596,491 | 314.8% |
| Total Liabilities and Deferred Inflows of Resources | <u>64,093,845</u> | <u>40,873,246</u> | 23,220,599 | 56.8% |
| Net Position | | | | |
| Net investment in Capital Assets | 25,702,456 | 26,211,728 | (509,272) | -1.9% |
| Restricted | 7,270,917 | 6,136,054 | 1,134,863 | 18.5% |
| Unrestricted (Deficit) | (39,201,029) | (15,511,442) | (23,689,587) | 152.7% |
| Total Net Position | <u>(6,227,656)</u> | <u>16,836,340</u> | (23,063,996) | -137.0% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 57,866,189</u> | <u>\$ 57,709,586</u> | \$ 156,603 | 0.3% |

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

The unrestricted net deficit at December 31, 2018 is \$39,201,029 which represents the amount by which the City liabilities, excluding debt related to capital construction and restrictions of net position exceeded the City's assets other than capital assets.

CITY OF ONEIDA, NEW YORK

Management's Discussion and Analysis (Unaudited)

Changes in Net Position

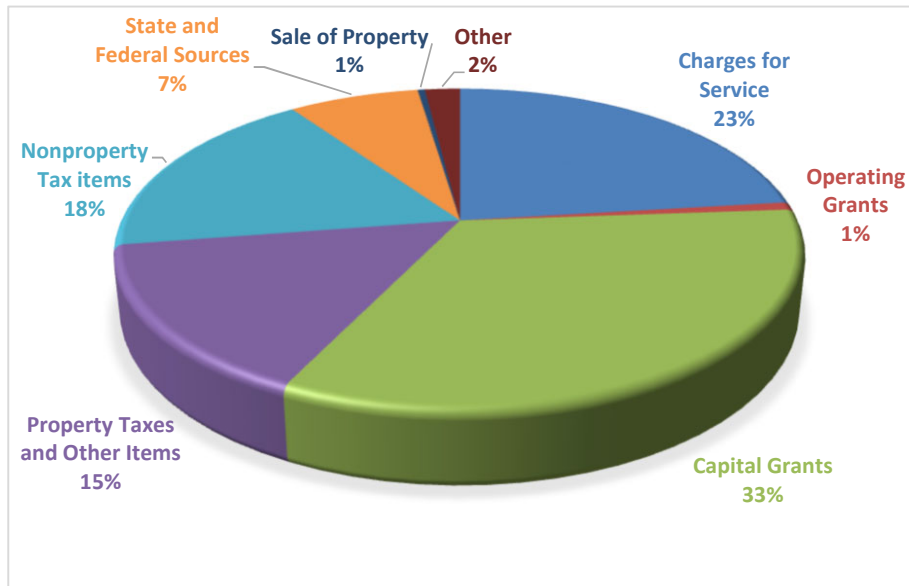
The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. Non-property tax items consist of New York State sales tax, utility tax and franchise tax.

A summary of this statement for the years ending December 31, 2018 and 2017 is as follows:

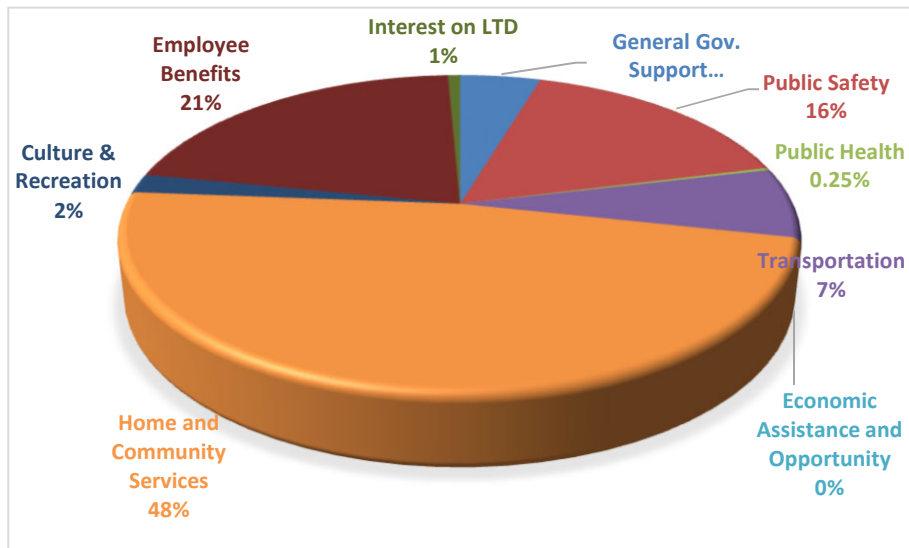
| | <u>2018</u> | <u>2017</u> | <u>Increase (Decrease)</u> | <u>% Change</u> |
|-------------------------------------|-----------------------|-----------------------|--------------------------------|-----------------|
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for Service | \$ 6,118,516 | \$ 5,623,037 | \$ 495,479 | 8.8% |
| Operating Grants | 204,470 | 170,499 | 33,971 | 19.9% |
| Capital Grants | 8,832,915 | 6,007,478 | 2,825,437 | 47.0% |
| General Revenues | | | | |
| Property Taxes and Other Items | 4,065,926 | 4,644,992 | (579,066) | -12.5% |
| Nonproperty Tax items | 4,707,367 | 5,071,603 | (364,236) | -7.2% |
| State and Federal Sources | 1,933,584 | 1,974,446 | (40,862) | -2.1% |
| Sale of Property | 105,885 | 119,523 | (13,638) | -11.4% |
| Other | <u>521,042</u> | <u>418,737</u> | 102,305 | 24.4% |
| Total Revenues | <u>26,489,705</u> | <u>24,030,315</u> | 2,459,390 | 10.2% |
| Expenditures | | | | |
| General Government Support | 1,297,867 | 1,185,831 | 112,036 | 9.4% |
| Public Safety | 4,633,339 | 4,417,644 | 215,695 | 4.9% |
| Public Health | 69,348 | 5,806 | 63,542 | 1094.4% |
| Transportation | 2,009,866 | 1,990,737 | 19,129 | 1.0% |
| Economic Assistance and Opportunity | 1,000 | 750 | 250 | 33.3% |
| Home and Community Services | 13,476,297 | 11,447,903 | 2,028,394 | 17.7% |
| Culture & Recreation | 542,634 | 507,310 | 35,324 | 7.0% |
| Employee Benefits | 5,963,267 | 7,512,241 | (1,548,974) | -20.6% |
| Interest on long-term debt | <u>194,742</u> | <u>174,754</u> | 19,988 | 11.4% |
| Total Expenditures | <u>28,188,360</u> | <u>27,242,976</u> | 945,384 | 3.5% |
| Change in Net Position | <u>\$ (1,698,655)</u> | <u>\$ (3,212,661)</u> | \$ 1,514,006 | -47.1% |

Management's Discussion and Analysis (Unaudited)

A graphic display of the distribution of revenues is as follows:
For the year ended December 31, 2018



A graphic display of the distribution of revenues is as follows:
For the year ended December 31, 2018



CITY OF ONEIDA, NEW YORK**Management's Discussion and Analysis (Unaudited)**

FINANCIAL ANALYSIS OF THE CITY'S FUND BALANCE

At December 31, 2018, the city's governmental funds reported a combined fund balance of \$9,522,159. This was an increase of \$226,143. The small increase was primarily due to maintaining a balance between revenues and expenditures.

| | <u>2018</u> | <u>2017</u> | <u>Increase (Decrease)</u> |
|------------------------------------|---------------------|---------------------|--------------------------------|
| General Fund | | | |
| Nonspendable | \$ 554,358 | \$ 534,193 | \$ 20,165 |
| Restricted | 52,420 | - | 52,420 |
| Assigned | 158,846 | 111,432 | 47,414 |
| Unassigned | <u>3,048,216</u> | <u>3,450,463</u> | <u>(402,247)</u> |
| | <u>3,813,840</u> | <u>4,096,088</u> | <u>(282,248)</u> |
| Community Development Fund | | | |
| Restricted | 515,602 | 2,142,415 | (1,626,813) |
| Unassigned | <u>-</u> | <u>(1,390,388)</u> | <u>1,390,388</u> |
| | <u>515,602</u> | <u>752,027</u> | <u>(236,425)</u> |
| Water Fund | | | |
| Nonspendable | 157,603 | 163,442 | (5,839) |
| Restricted | 3,831,912 | 459,542 | 3,372,370 |
| Assigned | <u>-</u> | <u>2,957,354</u> | <u>(2,957,354)</u> |
| | <u>3,989,515</u> | <u>3,580,338</u> | <u>409,177</u> |
| Capital Fund | | | |
| Restricted | 1,325,364 | 3,534,097 | (2,208,733) |
| Unassigned | <u>(1,695,653)</u> | <u>(4,165,346)</u> | <u>2,469,693</u> |
| | <u>(370,289)</u> | <u>(631,249)</u> | <u>260,960</u> |
| Sewer Fund | | | |
| Nonspendable | 27,872 | 32,515 | (4,643) |
| Restricted | 1,499,796 | - | 1,499,796 |
| Assigned | <u>-</u> | <u>1,418,645</u> | <u>(1,418,645)</u> |
| | <u>1,527,668</u> | <u>1,451,160</u> | <u>76,508</u> |
| Miscellaneous Special Revenue Fund | | | |
| Restricted | 45,823 | - | 45,823 |
| Assigned | <u>-</u> | <u>43,664</u> | <u>(43,664)</u> |
| | <u>45,823</u> | <u>43,664</u> | <u>2,159</u> |
| Total Fund Balance | <u>\$ 9,476,336</u> | <u>\$ 9,292,028</u> | <u>\$ 184,308</u> |

CITY OF ONEIDA, NEW YORK

Management's Discussion and Analysis (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's adopted budget for the year ended December 31, 2018, for the General Fund totaled \$12,413,587. The original budget allowed for the use of fund balance in the amount of \$213,269, an additional \$68,979 was needed to cover the deficit in expenses to revenues.

General Fund Balance Budget

| | Original 2018 | Modified 2018 | Actual 2018 | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| Estimated Revenues | | | | |
| Property Tax Levy | \$ 4,202,892 | \$ 4,202,892 | \$ 4,211,571 | \$ 8,679 |
| Other Property Tax Items | 202,600 | 202,600 | 201,736 | (864) |
| Non Property Tax Items | 5,012,257 | 5,012,257 | 4,707,367 | (304,890) |
| Departmental | 231,870 | 248,545 | 197,601 | (50,944) |
| Intergovernmental Charges | 22,650 | 22,650 | 2,391 | (20,259) |
| Tribal Compact Money | 200,000 | 200,000 | 163,009 | (36,991) |
| Use of Money & Property | 21,800 | 21,800 | 17,590 | (4,210) |
| Licenses and Permits | 79,040 | 79,040 | 148,887 | 69,847 |
| Fines and Forfeitures | 103,700 | 103,700 | 98,874 | (4,826) |
| Sale of Property & Compensation for Loss | 85,000 | 169,164 | 94,905 | (74,259) |
| Miscellaneous | 18,500 | 19,757 | 6,596 | (13,161) |
| State Aid | 1,900,052 | 1,901,927 | 1,986,834 | 84,907 |
| Transfer from Other Funds | 119,957 | 167,877 | 119,619 | (48,258) |
| Total Estimated Revenues | <u>12,200,318</u> | <u>12,352,209</u> | <u>11,956,980</u> | <u>(395,229)</u> |
| Estimated Expenditures | | | | |
| General Govt Support | 1,139,062 | 1,263,550 | 1,289,363 | 25,813 |
| Public Safety | 4,349,780 | 4,483,457 | 4,340,812 | (142,645) |
| Public Health | 69,177 | 69,484 | 69,348 | (136) |
| Transportation | 1,306,239 | 1,352,852 | 1,268,078 | (84,774) |
| Economic Assistance & Opportunity | 1,000 | 1,000 | 1,000 | - |
| Culture and Recreation | 495,434 | 543,124 | 477,999 | (65,125) |
| Home and Community Services | 226,679 | 234,457 | 210,083 | (24,374) |
| Employee Benefits | 4,264,810 | 4,267,565 | 4,069,739 | (197,826) |
| Debt Service-Principle | 365,000 | 365,190 | 365,000 | (190) |
| Debt Service-Interest | 113,006 | 113,006 | 109,017 | (3,989) |
| Transfer to Other Funds | 83,400 | 122,188 | 38,789 | 83,399 |
| Total Estimated Expenditures | <u>12,413,587</u> | <u>12,815,873</u> | <u>12,239,228</u> | <u>\$ (409,847)</u> |
| Net Change in Fund Balance | <u>\$ (213,269)</u> | <u>\$ (463,664)</u> | <u>\$ (282,248)</u> | |

CITY OF ONEIDA, NEW YORK**Management's Discussion and Analysis (Unaudited)****CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

The City's total depreciation expense is \$2,937,804, however with the addition of numerous capital projects and construction in progress, the total net capital assets at year end ended with a net increase of \$2,222,874.

| | <u>2018</u> | <u>2017</u> | <u>Increase (Decrease)</u> |
|---------------------------------|-----------------------------|-----------------------------|--------------------------------|
| Nondepreciable | | | |
| Land | \$ 2,730,602 | \$ 2,726,402 | \$ 4,200 |
| Construction in Progress | <u>3,529,765</u> | <u>2,536,451</u> | <u>993,314</u> |
| | <u>6,260,367</u> | <u>5,262,853</u> | <u>997,514</u> |
| Depreciable | | | |
| Buildings | 45,830,379 | 44,450,048 | 1,380,331 |
| Infrastructure | 40,815,963 | 40,048,084 | 767,879 |
| Improvements | 3,960,691 | 3,960,691 | - |
| Equipment | <u>11,226,483</u> | <u>9,221,432</u> | <u>2,005,051</u> |
| Subtotal | <u>101,833,516</u> | <u>97,680,255</u> | <u>4,153,261</u> |
| Total Capital Assets | <u>108,093,883</u> | <u>102,943,108</u> | <u>5,150,775</u> |
| Accumulated Depreciation | | | |
| Buildings | (26,837,537) | (25,490,008) | (1,347,529) |
| Infrastructure | (31,642,705) | (31,017,658) | (625,047) |
| Improvements | (1,894,303) | (1,729,419) | (164,884) |
| Equipment | <u>(7,113,778)</u> | <u>(6,323,337)</u> | <u>(790,441)</u> |
| Total Accumulated Depreciation | <u>(67,488,323)</u> | <u>(64,560,422)</u> | <u>(2,927,901)</u> |
| Total Net Capital Assets | <u>\$ 40,605,560</u> | <u>\$ 38,382,686</u> | <u>\$ 2,222,874</u> |

Debt administrationShort Term Debt

The City re-issued a Bond Anticipation Note of \$624,000 in October 2018 with an interest rate of 2.547% to pay for a portion of the Wastewater Treatment Plant Hazard Mitigation capital project. Upon maturity the Bond Anticipation Note will be turned to a Serial Bond less any grant funds received. The Bond Anticipation Note is listed in the debt service schedule below.

CITY OF ONEIDA, NEW YORK

Management's Discussion and Analysis (Unaudited)

Long Term Debt

The City turned \$3,796,280 Bond Anticipation Notes into Serial Bonds in October 2018 at an interest rate of 3.343%. The total long-term debt for the General, Water and Sewer Funds totals at year end 2018 was \$13,731,259. Principal payments for 2018 equal \$1,064,134 and interest payments equal \$206,355 for total debt service payments of \$1,270,489 in 2018. The Serial Bonds outstanding at the start of 2018 are listed in the debt service schedule below. All Bond Anticipation Notes listed below were turned to long term serial bonds in 2018 with the exception of the \$624,000 renewal and \$380,000 in grant funds to be received for the Wastewater Treatment Plant Aeration project.

Debt Service Schedule-Long and Short Term Debt Service

| | Year of Maturity | 2018 Beginning Balance | Principal Payment | Interest Payment | 2018 Year End Balance |
|---|-----------------------------|---------------------------------------|------------------------------|-----------------------------|--------------------------------------|
| <i>General Fund</i> | | | | | |
| 2011 108-114 Main Street City Court Bldg | 2023 | \$ 231,310 | \$ 35,460 | \$ 8,421 | \$ 195,850 |
| 2011 Asbestos Abatement | 2023 | 26,750 | 4,100 | 974 | 22,650 |
| 2011 Asbestos Abatement 456 Elizabeth St | 2023 | 143,920 | 22,060 | 5,239 | 121,860 |
| 2011 Demolition of Building | 2023 | 24,670 | 3,790 | 898 | 20,880 |
| 2011 Dump Truck | 2023 | 23,140 | 3,550 | 842 | 19,590 |
| 2011 Fire Department Addition | 2023 | 253,340 | 38,830 | 9,223 | 214,510 |
| 2011 Fire Truck | 2023 | 226,180 | 34,670 | 8,234 | 191,510 |
| 2011 Oneida Justice Center | 2023 | 280,820 | 43,040 | 10,223 | 237,780 |
| 2011 Reconstruction of West Sands St | 2023 | 57,820 | 8,860 | 2,105 | 48,960 |
| 2011 Salt Shed | 2023 | 51,160 | 7,840 | 1,863 | 43,320 |
| 2011 Sidewalk Plow | 2023 | 50,890 | 7,800 | 1,853 | 43,090 |
| 2015 Municipal Roof Project | 2029 | 560,000 | 40,000 | 13,750 | 520,000 |
| 2016 Armory Boiler | 2026 | 55,000 | 6,000 | 1,109 | 49,000 |
| 2016 Debris Cleanup | 2020 | 85,000 | 30,000 | 1,700 | 55,000 |
| 2016 Fire Engine | 2031 | 704,000 | 40,000 | 15,955 | 664,000 |
| 2016 Kallet Chiller | 2026 | 170,000 | 15,000 | 3,425 | 155,000 |
| 2016 Plow truck | 2030 | 217,000 | 13,000 | 4,765 | 204,000 |
| 2016 Rescue Truck | 2030 | 169,000 | 11,000 | 3,734 | 158,000 |
| Serial Bond Payment | | <u>\$ 3,330,000</u> | <u>\$ 365,000</u> | <u>\$ 94,313</u> | <u>\$ 2,965,000</u> |
| Total General Fund 2018 Debt Service Expenditure | | | | | <u>459,313</u> |
| <i>Water Fund</i> | | | | | |
| 2011 Water Storage | 2019 | \$ 535,000 | \$ 265,000 | \$ 9,914 | \$ 270,000 |
| 2015 Fish Creek | 2029 | 1,945,000 | 145,000 | 47,700 | 1,800,000 |
| Serial Bond Payment | | <u>\$ 2,480,000</u> | <u>\$ 410,000</u> | <u>\$ 57,614</u> | <u>\$ 2,070,000</u> |
| Total Water Fund 2018 Debt Service Expenditure | | | | | <u>467,614</u> |
| <i>Sewer Fund</i> | | | | | |
| 2009 WWTP Clean Water EFC | 2039 | \$ 6,360,958 | \$ 289,134 | - | \$ 6,071,824 |
| Serial Bond Payment | | <u>6,360,958</u> | <u>289,134</u> | <u>-</u> | <u>\$ 6,071,824</u> |
| Total Sewer Fund 2018 Debt Service Expenditure | | | | | <u>289,134</u> |

CITY OF ONEIDA, NEW YORK

Management's Discussion and Analysis (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2019 budget contains expenditures for necessary projects while reducing expenses on controllable items. The City continues to receive the majority of revenue from City sales tax (36.65%) and property tax (32.94%) with a 3.5% property tax increase in the 2019 budget. Although the City did allow funds for sidewalk and roadway repair and maintenance, employee benefits still come in the highest expense totaling 30.66% of the budget. The rising cost of health care and retirement expenses are a major contributing factor.

Union Agreements

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

| <u>Bargaining Unit</u> | <u>Number of Members</u> | <u>Contract Expiration Date</u> |
|---------------------------------------|------------------------------|---------------------------------|
| Civil Service Employees' Association | 57 | December 31, 2020 |
| Oneida Paid Firefighters' Association | 24 | December 31, 2021 |
| Oneida Police Benevolent Association | 22 | December 31, 2021 |

Downtown Beautification and Main Street Improvements

The City has also been awarded a \$365,000 grant for the Main Street program. This program is a city centered target area grant designed to improve the building facades. The City has also been awarded \$700,000 through Restore New York Communities Initiative, to be used to assist in developing apartments on the upper sections of buildings in the city center. In addition to the grant funds, the City has approved the design phase for a performance based energy efficiency improvement project to transfer the street light ownership to the City and convert the lighting to LED. This project will have a guaranteed savings from the designer. The LED conversion project is expected to be approved and start the replacement in the summer of 2019.

West Elm Street Extension

The City is extending water and sewer infrastructure to the western boundary of West Elm Street to accommodate manufacturing-industrial development of 295 acres scheduled for 2019. Total cost of the infrastructure is approximately \$2,000,000. The City has been awarded a grant of \$1,000,000 from Empire State Development and will utilize an additional \$850,000 in grant funds from the City's and County's Revolving Loan Funds.

Green Empire Farms has begun Phase 1 & 2 construction on 1 of 3 greenhouses. Each greenhouse will be approximately 32 acres large with additional living quarters and recreational fields for onsite employees. This will add 100 new jobs to be filled in 2019. It is anticipated that the 295 acre development will create a minimum of 200 full-time jobs at full buildout. The water and sewer extension will also open up an additional 400+ acres for future manufacturing use.

Management's Discussion and Analysis (Unaudited)

The Oneida Rail Trail

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

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

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

Trails can create spin-off businesses such as bike shops, bed and breakfasts, and ice cream shops. Trails Enhance Quality of Life, and is a desired asset. The Oneida Rail Trail project continued to gain steam in 2014. We ended 2013 hoping to be selected as one of the transportation projects by the New York State DOT. The good news was received in January that the City of Oneida was selected to receive \$545,000 in funding to construct 3.1 miles of handicapped accessible trail from the Erie Canal Trailway in Wampsville to N. Willow Street in Oneida.

People from all over the state, country and even world travel the Erie Canal Trailway. This can only help to increase the Oneida Rail Trail's visibility. Riding the momentum of support the City of Oneida, with the help of its ORT partner, the Madison County Planning Department, submitted its application for NYS DOT TAP (Transportation Alternatives Program) funding in June of 2014. In late October we learned the City of Oneida was awarded \$716,000 for the 0.8 mile stretch of the ORT picking up where the TAP funding left off and extending through downtown Oneida.

As the ORT Committee reflects on the past year, we look forward to 2019 as we work to finish construction on the four miles of trail that we graciously received funding for. Those four miles will contain the path to the future ensuring that people of all abilities can utilize it and the link to the past that will keep the history of our community alive and well.

Management's Discussion and Analysis (Unaudited)

FEMA Funding for Buyout

The City of Oneida has received funding from FEMA/New York State Division of Homeland Security and Emergency Services in the amount of \$21,193,909. The scope of work was acquisition of property, demolition and removal of all above ground structures, disposal of demolition debris at a licensed disposal facility, site restoration, deed restriction of the property, and professional services associated with the project. The project began mid-2016 and will wrap up in the summer of 2019.

Wastewater Treatment Plant Long Term Improvements

A DEC Consent Order was issued for the Wastewater Treatment Plant to increase their aeration and to make long term improvements. This project upgraded the diffuser and piping to increase the aeration to the biological environment necessary for the plant to operate. The City has contracted with ESG to design an energy performance contract with guaranteed savings and revenue for the long-term improvements to the wastewater treatment plant. Environmental Facility Corp has offered a 0% interest short- and long-term program to the city for a majority of the project funding. The City approved a bond resolution in the amount of \$34,000,000 as an estimated cost for the total expansion. Applications for the short-term funding will be submitted by June 30, 2019.

Citywide Software Conversion

The City of Oneida has contracted with Tyler Technologies to convert the outdated software to an up to date program. The financial and payroll conversion will take place first in April 2019 followed shortly after by utilities and finishing in January 2020 with the tax bills. The new software will benefit property owners with online access to data and payment options, email and text messaging alerts and overall improved efficiency for city personnel.

Enterprise Fleet Management Partnership

The annual budget has been adjusted to reflect a change in the city vehicle replacement program. In March 2019 the Common Council approved a partnership with Enterprise Fleet Management to lease city vehicles instead of purchasing them. Enterprise will manage the fleet and notify city departments when it is the optimum time to sell a vehicle for the best return and replace it with a new vehicle. The City anticipates savings in administration and maintenance costs will decrease the annual funds needed to maintain the fleet.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City of Oneida's citizens and taxpayers, and the clients of the City, with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the Comptroller, City of Oneida, New York, 109 N. Main Street, Oneida, New York 13421.

CITY OF ONEIDA, NEW YORK**Statement of Net Position
December 31, 2018**

| | Governmental <u>Activities</u> |
|---|-----------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 5,206,169 |
| Cash and cash equivalents, restricted | 2,206,289 |
| Tax sale certificates, net | 1,537,487 |
| Property acquired for taxes | 194,100 |
| Assessments receivable | 7,196 |
| Accounts receivable | 383,134 |
| Loans receivable | 182,516 |
| Due from other governments | 3,265,230 |
| Prepaid expenses | <u>205,569</u> |
| Total current assets | 13,187,690 |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation | <u>40,605,560</u> |
| Total assets | <u>53,793,250</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows - pension related | <u>4,072,939</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 1,498,806 |
| Accrued liabilities | 121,692 |
| Accrued interest | 12,020 |
| Due to other governments | 85,821 |
| Unearned grant revenue | 196,717 |
| Bond anticipation note payable | <u>624,000</u> |
| Total current liabilities | 2,539,056 |
| Long term obligations: | |
| Net Pensions Liability | 1,391,254 |
| Due within one year | 1,360,414 |
| Due in more than one year | <u>55,381,822</u> |
| Total long term obligations | 58,133,490 |
| Total liabilities | <u>60,672,546</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows - pension related | <u>3,421,299</u> |
| NET POSITION | |
| Net investment in capital assets | 25,702,456 |
| Restricted | 7,270,917 |
| Unrestricted | <u>(39,201,029)</u> |
| Total net position | <u>\$ (6,227,656)</u> |

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

Statement of Activities

For the year ended December 31, 2018

| | | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|--|----------------------|--|--|--|---|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| | <u>Expenses</u> | | | | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government support | \$ 1,297,867 | \$ 78,251 | \$ - | \$ - | \$ (1,219,616) |
| Public safety | 4,633,339 | 52,596 | 2,775 | 34,693 | (4,543,275) |
| Public health | 69,348 | - | - | - | (69,348) |
| Transportation | 2,009,866 | - | - | 452,358 | (1,557,508) |
| Economic assistance and opportunity | 1,000 | - | - | - | (1,000) |
| Home and community services | 13,476,297 | 5,907,787 | 201,695 | 8,345,864 | 979,049 |
| Culture and recreation | 542,634 | 79,882 | - | - | (462,752) |
| Employee benefits | 5,963,267 | - | - | - | (5,963,267) |
| Interest on long-term debt | 194,742 | - | - | - | (194,742) |
| Total governmental activities | <u>\$ 28,188,360</u> | <u>\$ 6,118,516</u> | <u>\$ 204,470</u> | <u>\$ 8,832,915</u> | <u>(13,032,459)</u> |
| General revenues: | | | | | |
| | | | | | 3,864,190 |
| | | | | | 201,736 |
| | | | | | 4,707,367 |
| | | | | | 163,009 |
| | | | | | 1,933,584 |
| | | | | | 24,272 |
| | | | | | 105,885 |
| | | | | | 248,361 |
| | | | | | 85,400 |
| Total general revenues | | | | | <u>11,333,804</u> |
| Change in net position | | | | | <u>(1,698,655)</u> |
| Net position - beginning of year, as previously reported | | | | | 16,836,340 |
| Cumulative effect of prior period adjustment (Note 1) | | | | | <u>(21,365,341)</u> |
| Net position - beginning of year, as restated | | | | | (4,529,001) |
| Change in net position | | | | | <u>(1,698,655)</u> |
| Net position - end of year | | | | | <u>\$ (6,227,656)</u> |

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

Balance Sheet
Governmental Funds
December 31, 2018

| | Governmental | | | | | Nonmajor | Total |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|----------------------|
| | General | Community | Water | Capital | Sewer | Governmental | Governmental |
| | Fund | Development | Fund | Fund | Fund | Fund | Funds |
| ASSETS | | | | | | | |
| Unrestricted cash & cash equivalents | \$ 743,737 | \$ - | \$ 3,240,378 | \$ - | \$ 1,161,404 | \$ 60,650 | \$ 5,206,169 |
| Restricted cash | 52,420 | 264,066 | 564,439 | 1,325,364 | - | - | 2,206,289 |
| Tax sale certificates, net | 1,537,487 | - | - | - | - | - | 1,537,487 |
| Property acquired for taxes | 194,100 | - | - | - | - | - | 194,100 |
| Assessments receivable | 7,196 | - | - | - | - | - | 7,196 |
| Accounts receivable | 174,482 | - | 142,537 | - | 66,115 | - | 383,134 |
| Loans receivable | - | 182,516 | - | - | - | - | 182,516 |
| Due from other funds | 2,072,778 | 150,240 | - | 12,040 | 380,000 | - | 2,615,058 |
| Due from other governments | 395,638 | 1,751,636 | - | 1,041,347 | 76,609 | - | 3,265,230 |
| Prepaid expenditures | 360,258 | - | 157,603 | - | 27,872 | - | 545,733 |
| Total assets | <u>\$ 5,538,096</u> | <u>\$ 2,348,458</u> | <u>\$ 4,104,957</u> | <u>\$ 2,378,751</u> | <u>\$ 1,712,000</u> | <u>\$ 60,650</u> | <u>\$ 16,142,912</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 124,410 | \$ 100 | \$ 82,052 | \$ 1,172,262 | \$ 105,155 | \$ 14,827 | \$ 1,498,806 |
| Accrued liabilities | 89,999 | - | 19,189 | - | 12,504 | - | 121,692 |
| Due to other funds | 12,040 | 1,650,240 | - | 952,778 | - | - | 2,615,058 |
| Unearned grant revenue | - | 182,516 | 14,201 | - | - | - | 196,717 |
| BAN payable | - | - | - | 624,000 | - | - | 624,000 |
| Due to other governments | 19,148 | - | - | - | 66,673 | - | 85,821 |
| Total liabilities | <u>245,597</u> | <u>1,832,856</u> | <u>115,442</u> | <u>2,749,040</u> | <u>184,332</u> | <u>14,827</u> | <u>5,142,094</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable revenue - real property taxes | <u>1,478,659</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,478,659</u> |
| Fund balances: | | | | | | | |
| Nonspendable | 554,358 | - | 157,603 | - | 27,872 | - | 739,833 |
| Restricted | 52,420 | 515,602 | 3,831,912 | 1,325,364 | 1,499,796 | 45,823 | 7,270,917 |
| Assigned | 158,846 | - | - | - | - | - | 158,846 |
| Unassigned | 3,048,216 | - | - | (1,695,653) | - | - | 1,352,563 |
| Total fund balances | <u>3,813,840</u> | <u>515,602</u> | <u>3,989,515</u> | <u>(370,289)</u> | <u>1,527,668</u> | <u>45,823</u> | <u>9,522,159</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 5,538,096</u> | <u>\$ 2,348,458</u> | <u>\$ 4,104,957</u> | <u>\$ 2,378,751</u> | <u>\$ 1,712,000</u> | <u>\$ 60,650</u> | <u>\$ 16,142,912</u> |

The accompanying notes are an integral part of these statements

CITY OF ONEIDA, NEW YORK

**Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
December 31, 2018**

Total fund balance - governmental funds \$ 9,522,159

Total net position reported for governmental activities in the statement of net position
is different because:

Capital assets used in governmental activities are not current financial resources and
therefore, are not reported in the funds.

| | | |
|--------------------------|---------------------|------------|
| Cost of capital assets | \$ 108,093,883 | |
| Accumulated depreciation | <u>(67,488,323)</u> | |
| | | 40,605,560 |

Revenue related to the tax levy is recognized when earned in the statement of
activities, but deferred in the fund statements if collection is anticipated to exceed
sixty days after year end.

1,478,659

Deferred outflows/inflows of resources related to pensions are applicable to future
periods and, therefore are not reported in the funds.

| | | |
|--|--------------------|---------|
| Deferred outflows - relating to pensions | \$ 4,072,939 | |
| Deferred inflows - relating to pensions | <u>(3,421,299)</u> | |
| | | 651,640 |

Reduce prior year prepaid asset associated with pensions that was recorded in the
funds and reconciled as a reduction in the governmental activities.

(340,164)

Accrued interest is not due and payable in the current period and therefore is not
reported in the funds.

(12,020)

Long-term debt and other noncurrent liabilities are not due and payable in the current
period and; therefore, are not reported in the funds.

| | | |
|-------------------------------|---------------------|---------------------|
| Bonds payable | \$ (14,903,104) | |
| Compensated absences | (3,026,868) | |
| Net pension liability | (1,391,254) | |
| Other postemployment benefits | <u>(38,812,264)</u> | |
| | | <u>(58,133,490)</u> |

Net position of governmental activities \$ (6,227,656)

CITY OF ONEIDA, NEW YORK

Statement of Revenues, Expenditures and Change in Fund Balances
 Governmental Funds
 For the year ended December 31, 2018

| | Governmental | | | | | Total Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------------|---------------------|---------------------|---------------------|---|--------------------------------|
| | General Fund | Community Development Fund | Water Fund | Capital Fund | Sewer Fund | | |
| REVENUES: | | | | | | | |
| Real property taxes | \$ 4,211,571 | \$ - | \$ - | \$ - | \$ - | \$ 38,933 | \$ 4,250,504 |
| Other real property tax items | 201,736 | - | - | - | - | - | 201,736 |
| Non-property taxes | 4,707,367 | - | - | - | - | - | 4,707,367 |
| Departmental income | 197,601 | 29,961 | 3,509,104 | - | 2,368,632 | 10,737 | 6,116,035 |
| Intergovernmental charges | 2,391 | - | - | - | - | - | 2,391 |
| Tribal compact moneys | 163,009 | - | - | - | - | - | 163,009 |
| Use of money and property | 17,590 | 3,066 | 3,449 | - | 2,825 | - | 26,930 |
| Licenses and permits | 148,887 | - | - | - | 600 | - | 149,487 |
| Fines and forfeitures | 98,874 | - | - | - | - | - | 98,874 |
| Sale of property and compensation for loss | 94,905 | - | 10,924 | - | - | - | 105,829 |
| Miscellaneous | 6,596 | - | - | 3,165 | 73,439 | - | 83,200 |
| State aid | 1,986,834 | - | - | 791,521 | - | - | 2,778,355 |
| Federal aid | - | 7,502,510 | - | 689,792 | - | - | 8,192,302 |
| Total revenues | <u>11,837,361</u> | <u>7,535,537</u> | <u>3,523,477</u> | <u>1,484,478</u> | <u>2,445,496</u> | <u>49,670</u> | <u>26,876,019</u> |
| EXPENDITURES: | | | | | | | |
| General government support | 1,289,363 | - | - | - | - | - | 1,289,363 |
| Public safety | 4,340,812 | - | - | 34,629 | - | - | 4,375,441 |
| Public health | 69,348 | - | - | - | - | - | 69,348 |
| Transportation | 1,268,078 | - | - | 1,525,101 | - | - | 2,793,179 |
| Economic assistance and opportunity | 1,000 | - | - | - | - | - | 1,000 |
| Home and community services | 210,083 | 7,771,962 | 1,821,807 | 3,943,566 | 1,484,061 | 15,416 | 15,246,895 |
| Culture and recreation | 477,999 | - | - | - | - | - | 477,999 |
| Employee benefits | 4,069,739 | - | 554,357 | - | 305,971 | - | 4,930,067 |
| Debt Service - principal | 365,000 | - | 410,000 | - | 289,134 | - | 1,064,134 |
| Debt Service - interest | 109,017 | - | 57,614 | - | 28,111 | - | 194,742 |
| Total expenditures | <u>12,200,439</u> | <u>7,771,962</u> | <u>2,843,778</u> | <u>5,503,296</u> | <u>2,107,277</u> | <u>15,416</u> | <u>30,442,168</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(363,078)</u> | <u>(236,425)</u> | <u>679,699</u> | <u>(4,018,818)</u> | <u>338,219</u> | <u>34,254</u> | <u>(3,566,149)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Proceeds from the issuance of debt | - | - | - | 3,796,280 | - | - | 3,796,280 |
| Interfund transfers in | 119,619 | - | 98,138 | 573,403 | 80,243 | - | 871,403 |
| Interfund transfers out | (38,789) | - | (368,660) | (89,905) | (341,954) | (32,095) | (871,403) |
| Total other financing sources (uses) - net | <u>80,830</u> | <u>-</u> | <u>(270,522)</u> | <u>4,279,778</u> | <u>(261,711)</u> | <u>(32,095)</u> | <u>3,796,280</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES | <u>(282,248)</u> | <u>(236,425)</u> | <u>409,177</u> | <u>260,960</u> | <u>76,508</u> | <u>2,159</u> | <u>230,131</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>4,096,088</u> | <u>752,027</u> | <u>3,580,338</u> | <u>(631,249)</u> | <u>1,451,160</u> | <u>43,664</u> | <u>9,292,028</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 3,813,840</u> | <u>\$ 515,602</u> | <u>\$ 3,989,515</u> | <u>\$ (370,289)</u> | <u>\$ 1,527,668</u> | <u>\$ 45,823</u> | <u>\$ 9,522,159</u> |

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances -
Governmental Funds to the Statement of Activities
For the year ended December 31, 2018**

| | |
|---|-----------------------|
| Net changes in fund balances - total governmental funds | \$ 230,131 |
| The change in net position reported for governmental activities in the Statement of Activities is different because: | |
| The change in OPEB liability in the statement of activities does not require the expenditure of current resources and is, therefore, not reported as an expenditure in the governmental funds. | (315,908) |
| Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the funds in the current period. | 2,222,874 |
| Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which the unavailable revenue recorded as a deferred inflow of resources in the Balance Sheet changes from the prior year. | (386,314) |
| Repayment of debt service principal is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 1,064,134 |
| Bond proceeds are recorded as an other financing source in the governmental funds but are recorded as an increase in long-term debt in the statement of net position. | (3,796,280) |
| Decrease in proportionate share of net pension liability reported in the Statement of Activities do no provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. | 1,850,563 |
| In the governmental funds, pension related transactions are recorded as an expenditure when due. In the Statement of Activities, long-term liabilities are accrued for. This is the amount in change from the prior year by which the deferred outflows exceeded the deferred inflows. | (1,919,994) |
| Liabilities associated with compensated absences do not require the use of current financial resources and therefore are reported as a long-term liability in the Statement of Activities. This is the amount by which compensated absences obligations changed during the year. | (647,861) |
| Change in net position of governmental activities | <u>\$ (1,698,655)</u> |

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK**Statement of Net Position
Fiduciary Funds
December 31, 2018**

| | Expendable <u>Trust</u> | <u>Agency</u> |
|-------------------|----------------------------|------------------|
| ASSETS: | | |
| Restricted cash | \$ - | \$ 12,768 |
| Other assets | <u>-</u> | <u>10,810</u> |
| Total assets | <u>-</u> | <u>\$ 23,578</u> |
| LIABILITIES: | | |
| Accounts payable | <u>-</u> | <u>\$ 23,578</u> |
| Total liabilities | <u>-</u> | <u>\$ 23,578</u> |
| NET POSITION: | | |
| Held in trust | <u>\$ -</u> | |

**Statement of Change in Net Position
Fiduciary Funds
For the Year Ended December 31, 2018**

| | Expendable <u>Trust</u> |
|--|----------------------------|
| ADDITIONS: | |
| Donations | <u>\$ 2,030</u> |
| Total additions | <u>2,030</u> |
| DEDUCTIONS: | |
| Historic downtown preservation | <u>2,030</u> |
| Total deductions | <u>2,030</u> |
| Change in net position | - |
| Total net position - beginning of year | <u>-</u> |
| Total net position - end of year | <u>\$ -</u> |

The accompanying notes are an integral part of these statements.

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oneida, New York (the City) is governed by the general laws of the State of New York and various local laws and ordinances. The Common Council, which is the legislative body responsible for the overall operations of the City, consists of the Mayor and six Councilors. The Mayor serves as chief executive officer and the Comptroller serves as the chief financial officer of the City. The City provides services of general government, public safety (police and fire), highways and streets, water and sewer and various recreational and community services.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity

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

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth by the GASB including legal standing, fiscal dependency, and financial accountability. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. Oneida Public Library was created by State legislation and is coextensive with the Oneida City School District. Board members are elected by residents who live in the special library district. The City exercises no oversight over library operations however the library is fiscally dependent on the City for bonding of their new library expansion project. City management has elected to exclude disclosing the library within these basic financial statements.

Excluded from the Reporting Entity:

The following organizations are not included in the City reporting entity because of the reasons noted:

Oneida City School District – Oneida 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 exercises no oversight over school operations.

Notes to Basic Financial Statements

A. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. General revenues support all activities and programs. All taxes are considered general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds with each fund accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows (when applicable), liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary, of which the City has governmental and fiduciary funds. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the City or the total assets (including deferred outflows), liabilities (including deferred inflows), revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, or the fund is of particular importance to the financial statements for reasons such as public interest or consistency.

The funds of the financial reporting entity are described below:

Governmental Fund Types

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Community Development Fund

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

Notes to Basic Financial Statements

Miscellaneous Special Revenue Fund

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

Water Fund

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

Sewer Fund

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

Capital Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment. The principal sources of financing are from the sale of bonds or issuance of bond anticipation notes and federal aid.

Fiduciary Fund Types:

Trust and Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

Major Funds

The funds are further classified as major or non-major funds. Major funds are as follows:

- General Fund - See above for description.
- Community Development Fund - See above for description.
- Water Fund – See above for description.
- Sewer Fund – See above for description.
- Capital Fund – See above for description.

Non-Major Fund

- Miscellaneous Special Revenue fund – See above for description.

Notes to Basic Financial Statements

B. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the Statements of Net Position, Statement of Activities, and Statement of Revenues, Expenses and Change in Net Position, the governmental activities, business-type activities, proprietary funds, and fiduciary funds are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets, liabilities, and deferred outflows and inflows associated with their activities (whether current or noncurrent) are reported.

In the fund financial statements, the current financial resources measurement focus is used for all governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets, liabilities and deferred outflows and inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. City revenues are generally considered available if collected within 60 days of year-end. The City reports deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Property taxes, grant revenue, sales tax, and other taxes are the primary revenue sources subject to accrual. Property taxes are reported as receivable and a deferred inflow of resources when an enforceable lien on the property exists. The City bills and collects its own property taxes and County taxes. Collections and remittance of taxes for the County are accounted for in the General Fund.

Notes to Basic Financial Statements

Under modified accrual accounting, governmental fund liabilities (and expenses) should be accrued in the absence of applicable modification. Such modifications exist for long-term indebtedness, compensated absences, claims and judgments and other long-term liabilities. These liabilities are accrued in the governmental funds only to the extent they are due.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is provided.

All proprietary (when applicable) and fiduciary funds utilize the accrual basis of accounting.

Budgets and Budgetary Accounting

In accordance with the City Charter, budgets are adopted annually on a basis generally consistent with accounting principles generally accepted in the United State of America (GAAP). All unencumbered budget appropriations lapse at year-end. The General Fund's budget is adopted on a departmental basis, which is the level of control at which expenditures may not legally exceed appropriations. On a budgetary basis, current year encumbrances are included with expenditures, while expenditures of prior years' encumbrances are excluded.

The Common Council follows these procedures in establishing the budgetary data reported in the financial statements:

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

Notes to Basic Financial Statements

C. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts and money market accounts.

D. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include amounts restricted for future debt payments, amounts restricted for capital projects, cash to fund grant related programs, and amounts collected on behalf of other governments.

E. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year end and not yet received. Major receivable balances for the governmental activities include grants, property taxes, and intergovernmental receivables.

In the fund financial statements, receivables in governmental funds include grants, property taxes, and intergovernmental receivables. Sewer and water fund receivables are fully guaranteed by the general fund of the City. Management believes an allowance for doubtful accounts is not required.

F. Tax Sale Certificates and Property Acquired for Taxes

At December 1, the current tax receivables are converted into tax sale certificates. The tax sale certificates will gain interest on the delinquent taxes until they are paid or acquired for taxes. At the point in which the delinquent taxes have not been paid for two years, the property is acquired by the City. The City will sell the property to cover the unpaid taxes and to restore the property to the tax roll. Management believes an allowance for doubtful accounts of 5% is required.

G. Due from Other Governments

Due from other governments is comprised of the City's portion of sales tax, FEMA reimbursements, equipment grant money and CHIPs funding from New York State, along with Tribal Compact money from Madison County. Management believes an allowance for doubtful accounts is not required.

H. Prepaid Items

Payments to vendors for costs associated with future accounting periods are recorded as prepaid assets in the financial statements.

Notes to Basic Financial Statements

I. Deferred Inflows and Outflows of Resources

Government-Wide Financial Statements:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources which are comprised of New York State Retirement Systems pension amounts as described in Note 8.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has deferred inflows of resources resulting from New York State Retirement Systems pension amounts as described in Note 8.

Fund Financial Statements:

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

J. Capital Assets

Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and a useful life of 3 or more years. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is recorded over the assets' estimated useful lives using the straight-line method of depreciation. A mid-month convention is used in the depreciation calculation. Specifically, one-half month's depreciation is calculated in the first month the asset is acquired and in the last month of the asset's useful life. A full month's depreciation is calculated in all intervening months. The range of estimated useful lives by type of asset is as follows:

| | |
|----------------------------|------------|
| Buildings and Improvements | 40 years |
| Machinery and Equipment | 3-15 years |
| Infrastructure | 40 years |

Notes to Basic Financial Statements

K. Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Vacation is granted in varying amounts based primarily on length of service and service position. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limits.

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

L. Short- Term Obligations

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

M. Long-Term Obligations

In the Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. When applicable, bonds payable are reported net of the applicable bond premium or discount.

Long-term debt is not reported as a liability of the governmental funds, and any debt issued is reported as other financing sources, including bond premiums or discounts, in the Statement of Revenues, Expenditures and Change in Fund Balances. In a governmental fund, payments of principal and interest on general long-term debt are recognized as expenditures when paid.

N. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in the following components:

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – see definition below under Fund Financial Statements.
- Unrestricted - remaining net position that does not meet the definition of "net investment in capital assets" or restricted net position.

Notes to Basic Financial Statements

Fund Financial Statements

Governmental fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. When funds from more than one classification may be used to satisfy an expenditure, the City's policy is to utilize funds with the strongest spending constraints first.

- Non-spendable fund balance - amounts that are not in a spendable form or are required to be maintained intact. Non-spendable fund balance includes prepaid expenses and properties acquired for taxes.
- Restricted fund balance - amounts that are restricted as to the use of the resources by externally imposed creditors through debt covenants, grantors, or laws and regulations. All remaining fund balance not otherwise classified as nonspendable, committed or assigned in funds, other than the General Fund, are classified as restricted balance.
- Committed fund balance - amounts constrained to specific purposes by the City itself, by vote of the Common Council, the City's highest level of decision-making authority. The Common Council must approve the establishment (or modification) of any fund balance commitment. The City has no committed fund balances as of December 31, 2018.
- Assigned fund balance - amounts the City intends to use for a specific purpose; intent for which must be expressed by the City Board or Department management. Assigned fund balance in the General Fund consists of encumbrances of \$158,846. In addition, any remaining positive fund balance amounts for funds other than the General Fund are classified as assigned fund balance.
- Unassigned fund balance - amounts within the General Fund that do not meet the definition of the above classification and are deemed to be available for general use by the City. In addition, remaining negative fund balance for funds other than the General Fund is classified as unassigned fund balance.

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

O. Retirement

The City provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS), and Policemen's and Firemen's Retirement System (PFRS). The systems provide various plans and options, some of which require employee contributions. The systems compute the cost of retirement benefits based upon their respective fiscal years: ERS and PFRS – April 1 to March 31. See Note 8 for further information.

Notes to Basic Financial Statements

P. Other Postemployment Benefits

In addition to providing pension benefits, the City provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all 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 plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the City and the retired employee. See Note 9 for further information.

Q. Revenues and Expenses/Expenditures

Grants

For both the government-wide and fund financial statements, the City follows the policy that an expenditure/expense of funds is the prime factor for determining the release of grant funds and revenue is recognized at the time of the expenditure/expense of funds in accordance with the measurement focus and basis of accounting. If release of grant funds is not contingent upon expenditure/expense of funds, revenue is recorded when received or when the grant becomes an obligation of the grantor.

Property Taxes

Taxes are collected during the period January 1st to November 30th. On December 1st, unpaid City taxes are turned over to the City Chamberlain for tax sale. At this time the owner of the property has two years in which to pay those taxes before the property becomes acquired by the City.

Other Revenues

In the fund financial statements, governmental funds record licenses and permits, certain charges for services, fines and forfeits, and miscellaneous revenues, including grants and contributions, on the cash basis because they are generally not measurable until actually received. In the government-wide financial statements, other revenues, if material, are recognized when earned.

Program Revenues

In the government-wide financial statements, program revenues include fees, fines, charges for services as well as grants. These revenues are allocated by governmental activity based upon the corresponding expense charged to the governmental activities.

Notes to Basic Financial Statements

Expenses/Expenditures

In the government-wide financial statements, expenses are classified by activity. Expenses are recognized when they are incurred. Direct expenses are those that are specifically associated with an activity and are clearly identifiable to a particular function.

In the fund financial statements, expenditures are classified as follows:

| | |
|------------------------------------|--|
| Governmental Funds - by character: | Current (further classified by function) |
| | Debt service |
| | Other financing uses |

In the fund financial statements, governmental funds report expenditures of financial resources. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation, are not recognized.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, transfers are eliminated upon consolidation.

Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

R. 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 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.

Notes to Basic Financial Statements

S. Prior Period Adjustments

Change in Accounting Principle - Governmental Activities

The City adopted *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Accordingly, beginning net position and other postemployment benefits on the statement of net position were adjusted as noted in the table below.

| | Long-term obligations - OPEB | <u>Net Position</u> |
|---|------------------------------------|-----------------------|
| As previously reported, December 31, 2017 | \$ 17,131,015 | \$ 16,836,340 |
| Adoption of GASB Statement No. 75 | | |
| Increase to liability | <u>21,365,341</u> | <u>(21,365,341)</u> |
| As restated at, January 1, 2018 | <u>\$ 38,496,356</u> | <u>\$ (4,529,001)</u> |

2. CASH AND CASH EQUIVALENTS

New York State governs the City's investment policies. The City is permitted to invest in special time deposits and certificate of deposits. In addition, the City may invest funds in direct obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are further guaranteed by the United States of America. Other eligible investments for the City include obligations of the State and repurchase agreements, subject to various conditions.

Collateral is required for demand and time deposits and certificates of deposit 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 New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the City were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

At December 31, 2018, cash and cash equivalents consisted of demand deposit accounts, time deposit accounts, and savings accounts.

Notes to Basic Financial Statements

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City's investment and deposit policy, all deposits of the City including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of securities with an aggregate value of 100% or more of the aggregate amount of deposits.

The City restricts the securities to the following eligible items:

- Obligations issued, fully insured, or guaranteed as to the payment of principal and interest, by the United States, an agency thereof, or a United States government sponsored corporation.
- Obligations partially insured or guaranteed by any agency of the United States.
- Obligations issued or fully insured or guaranteed by New York State.
- Obligations issued by a municipal corporation, school district, or district corporation of New York State.
- Obligations of counties, cities, and other governmental entities of a state other than New York State having the power to levy taxes that are backed by the full faith and credit of such governmental entity.
- By a pledge of eligible securities with an aggregate market value equal to the aggregate of deposits, from the categories designated in the Village's investment policy.
- By an eligible irrevocable letter-of-credit issued by a qualified bank other than the bank with deposits in favor of the City of a term not to exceed ninety days with an aggregate value equal to 104% of the amount of deposits and the agreed upon interest, if any.
- By an eligible surety bond payable to the City for an amount equal to 100% of the aggregate amount of the deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating organizations.

The City does not have any foreign currency investments, securities lending agreements, or derivative instruments.

Total deposits of cash and cash equivalents, excluding petty cash in the amount of \$850 are as follows for the year ended December 31, 2018:

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|---|----------------------|----------------------------|
| Money market accounts | \$ 3,856,301 | \$ 3,856,589 |
| Cash | <u>6,268,321</u> | <u>3,567,787</u> |
| Total | <u>\$ 10,124,622</u> | <u>\$ 7,424,376</u> |
| These deposits were insured or collateralized as follows: | | |
| FDIC insurance | \$ 750,000 | |
| Collateralized by third party | <u>9,374,622</u> | |
| Total | <u>\$ 10,124,622</u> | |

Notes to Basic Financial Statements

3. LOANS RECEIVABLE

Revolving loans

The Community Development Fund provides loans to small businesses to develop innovative products and services and to create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans range from \$7,000 to \$25,000. The loans are to be repaid in monthly installments over 5 to 10 years at interest rates ranging from 1.75% to 4.75%.

The following is a schedule of further loan payments to the City as of December 31, 2018:

| | Principal | Interest | Total |
|-------|-------------------|-----------------|-------------------|
| 2019 | \$ 61,633 | \$ 5,143 | \$ 66,776 |
| 2020 | 38,044 | 1,434 | 39,478 |
| 2021 | 31,076 | 444 | 31,520 |
| 2022 | 718 | - | 718 |
| Total | <u>\$ 131,471</u> | <u>\$ 7,021</u> | <u>\$ 138,492</u> |

Facade loans

The Community Development Fund provides loans to small businesses to enhance the appearance of street front and lane facades. The program is funded through the City's Federal Community Development Block Grant. The various loans range from \$10,000 to 27,997. The loans are to be repaid in monthly installments over five years at interest rates ranging from .94% to 1.00%.

The following is a schedule of future loan payments to the City as of December 31, 2018:

| | Principal | Interest | Total |
|-------|------------------|---------------|------------------|
| 2019 | \$ 34,079 | \$ 414 | \$ 34,493 |
| 2020 | 5,599 | 144 | 5,743 |
| 2021 | 5,655 | 88 | 5,743 |
| 2022 | 5,712 | 31 | 5,743 |
| Total | <u>\$ 51,045</u> | <u>\$ 677</u> | <u>\$ 51,722</u> |

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

4. CAPITAL ASSETS AND DEPRECIATION SCHEDULE

Capital asset activity for the year ended December 31, 2018 for governmental activities was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------|------------------------------|---------------------|-----------------------|---------------------------|
| Nondepreciable: | | | | |
| Land | \$ 2,726,402 | \$ 4,200 | \$ - | \$ 2,730,602 |
| Construction in Progress | <u>2,536,451</u> | <u>2,900,175</u> | <u>(1,906,861)</u> | <u>3,529,765</u> |
| Subtotal | <u>5,262,853</u> | <u>2,904,375</u> | <u>(1,906,861)</u> | <u>6,260,367</u> |
| Depreciable: | | | | |
| Buildings | 44,450,048 | 1,380,331 | - | 45,830,379 |
| Infrastructure | 40,048,084 | 767,879 | - | 40,815,963 |
| Improvements | 3,960,691 | - | - | 3,960,691 |
| Equipment | <u>9,221,432</u> | <u>2,014,954</u> | <u>(9,903)</u> | <u>11,226,483</u> |
| Subtotal | <u>97,680,255</u> | <u>4,163,164</u> | <u>(9,903)</u> | <u>101,833,516</u> |
| Total capital assets | <u>102,943,108</u> | <u>7,067,539</u> | <u>(1,916,764)</u> | <u>108,093,883</u> |
| Accumulated depreciation: | | | | |
| Buildings | (25,490,008) | (1,347,529) | - | (26,837,537) |
| Infrastructure | (31,017,658) | (625,047) | - | (31,642,705) |
| Improvements | (1,729,419) | (164,884) | - | (1,894,303) |
| Equipment | <u>(6,323,337)</u> | <u>(800,344)</u> | <u>9,903</u> | <u>(7,113,778)</u> |
| Total | <u>(64,560,422)</u> | <u>(2,937,804)</u> | <u>9,903</u> | <u>(67,488,323)</u> |
| Net capital assets | <u>\$ 38,382,686</u> | <u>\$ 4,129,735</u> | <u>\$ (1,906,861)</u> | <u>\$ 40,605,560</u> |

Depreciation was charged to governmental activities as follows:

| | |
|-----------------------------|---------------------|
| General government support | \$ 8,504 |
| Public safety | 257,898 |
| Transportation | 717,352 |
| Home and community services | 1,889,415 |
| Culture and Recreation | <u>64,635</u> |
| Total depreciation expense | <u>\$ 2,937,804</u> |

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

5. SHORT-TERM DEBT

Short-term bond anticipation note payable and activity as of December 31, 2018:

| Maturity | Interest Rate | Beginning Balance | Issued | Redeemed | Ending Balance |
|------------|---------------|----------------------|-------------------|-----------------------|-------------------|
| 10/10/2018 | 1.180% | \$ 3,628,433 | \$ - | \$ (3,628,433) | \$ - |
| 10/9/2019 | 3.000% | - | 624,000 | - | 624,000 |
| | | <u>\$ 3,628,433</u> | <u>\$ 624,000</u> | <u>\$ (3,628,433)</u> | <u>\$ 624,000</u> |

In October 2018, the City issued a Bond Anticipation Note in the amount of \$624,000 at 3.00%, maturing in October 2019. This short-term financing is for various capital projects.

6. LONG-TERM OBLIGATIONS

Summary of Long-Term Obligations

The following is a summary of all long-term obligations outstanding as of December 31, 2018:

| | Beginning Balance (As Restated) | Additions | Reductions | Ending Balance | Due within One year |
|----------------------------------|---------------------------------------|---------------------|-----------------------|----------------------|------------------------|
| Serial bonds payable | \$ 12,170,958 | \$ 3,796,280 | \$ (1,064,134) | \$ 14,903,104 | \$ 1,360,414 |
| Other postemployment benefits | 38,496,356 | 1,778,645 | (1,462,737) | 38,812,264 | - |
| Net pension liability - ERS | 1,072,640 | - | (712,575) | 360,065 | - |
| Net pension liability - PFRS | 2,169,177 | - | (1,137,988) | 1,031,189 | - |
| Compensated absences | <u>2,379,007</u> | <u>647,861</u> | <u>-</u> | <u>3,026,868</u> | <u>-</u> |
| Long-term liabilities | <u>\$ 56,288,138</u> | <u>\$ 6,222,786</u> | <u>\$ (4,377,434)</u> | <u>\$ 58,133,490</u> | <u>\$ 1,360,414</u> |

As of December 31, 2018, amounts due to service serial bonds payable principal and interest in future years for governmental activities are as follows:

| | Principal | Interest | Total |
|-----------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,360,414 | \$ 251,346 | \$ 1,611,760 |
| 2020 | 1,104,134 | 228,419 | 1,332,553 |
| 2021 | 1,099,134 | 205,944 | 1,305,078 |
| 2022 | 1,074,134 | 183,444 | 1,257,578 |
| 2023 | 1,094,134 | 160,494 | 1,254,628 |
| 2024-2028 | 4,075,670 | 543,925 | 4,619,595 |
| 2029-2033 | 2,780,674 | 202,856 | 2,983,530 |
| 2034-2038 | 1,755,675 | 85,319 | 1,840,994 |
| 2039-2042 | <u>559,135</u> | <u>25,419</u> | <u>584,554</u> |
| Total | <u>\$ 14,903,104</u> | <u>\$ 1,887,166</u> | <u>\$ 16,790,270</u> |

CITY OF ONEIDA, NEW YORK**Notes to Basic Financial Statements**

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**Receivables and Payables**

To improve cash management, most City disbursements are made from a pooled account in General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year.

The following schedule summarizes individual fund interfund receivables and payables at December 31, 2018:

| | Amount Receivable | Amount Payable |
|----------------------------|----------------------|---------------------|
| General Fund | \$ 2,072,778 | \$ 12,040 |
| Community Development Fund | 150,240 | 1,650,240 |
| Water Fund | - | - |
| Sewer Fund | 380,000 | - |
| Capital Fund | <u>12,040</u> | <u>952,778</u> |
| Total | <u>\$ 2,615,058</u> | <u>\$ 2,615,058</u> |

Transfers

Interfund transfers for the year ended December 31, 2018, which were routine in nature, were as follows:

| | Transfers In | Transfers Out |
|----------------|-------------------|-------------------|
| General Fund | \$ 119,619 | \$ 38,789 |
| Non-major Fund | - | 32,095 |
| Water Fund | 98,138 | 368,660 |
| Sewer Fund | 80,243 | 341,954 |
| Capital Fund | <u>573,403</u> | <u>89,905</u> |
| Total | <u>\$ 871,403</u> | <u>\$ 871,403</u> |

Notes to Basic Financial Statements

8. RETIREMENT PLAN

New York State Employee Retirement System (NYSERS) and Police and Fire Retirement System (NYSPFRS)

The City participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the NYSERS, the election is irrevocable.

The City also participates in the New York State and Local Police and Fire Retirement System (PFRS). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSPFRS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSPFRS. The NYSPFRS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the NYSPFRS, 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, SURA and the District also participate in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The NYSERS and NYSPFRS are noncontributory except for employees who joined the NYSERS and NYSPFRS after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' and NYSPFRS' fiscal year ending March 31.

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

| <u>Year</u> | <u>ERS</u> | <u>PFRS</u> |
|-------------|------------|-------------|
| 2018 | \$ 508,224 | \$ 790,766 |
| 2017 | \$ 505,200 | \$ 744,416 |
| 2016 | \$ 557,773 | \$ 802,885 |

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a net pension liability of \$360,065 for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the City's proportion was .0111564%.

At December 31, 2018, the City reported a net pension liability of \$1,031,189 for its proportionate share of the NYS PFRS net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the City's proportion was .1020214%.

For the year ended December 31, 2018, the City recognized pension expense of \$1,375,498. At December 31, 2018, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | |
|---|---------------------------------------|---------------------|
| | <u>ERS</u> | <u>PFRS</u> |
| Differences between expected and actual experience | \$ 128,424 | \$ 424,427 |
| Changes of assumptions | 238,753 | 781,312 |
| Net difference between projected and actual earnings on pension plan investments | 522,966 | 834,626 |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | 113,287 | - |
| Contributions made subsequent to the measurement date | 409,436 | 619,708 |
| Total | <u>\$ 1,412,866</u> | <u>\$ 2,660,073</u> |

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

| | <u>Deferred Inflows of Resources</u> | |
|---|--------------------------------------|---------------------|
| | <u>ERS</u> | <u>PFRS</u> |
| Differences between expected and actual experience | \$ 106,124 | \$ 274,010 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan | 1,032,283 | 1,680,892 |
| Changes in proportion and differences between the City's contributions and proportionate share of contributions | <u>23,369</u> | <u>304,621</u> |
| Total | <u>\$ 1,161,776</u> | <u>\$ 2,259,523</u> |

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

| | <u>ERS</u> | <u>PFRS</u> |
|-------|---------------------|---------------------|
| 2019 | \$ 112,141 | \$ 131,233 |
| 2020 | 78,500 | 107,662 |
| 2021 | (238,493) | (283,843) |
| 2022 | (110,494) | (194,897) |
| 2023 | <u>-</u> | <u>20,687</u> |
| Total | <u>\$ (158,346)</u> | <u>\$ (219,158)</u> |

The City recognized \$1,029,144 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Actuarial Assumptions

The total pension liability was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

| | |
|--|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Salary scale | 3.80% ERS, 4.50% PFRS, indexed by service |
| Investment rate of return, including inflation | 7.00% compounded annually, net of investment expenses |
| Projected COLAs | 1.30% compounded annually |
| Decrement | Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015 |
| Mortality improvement | Society of Actuaries Scale MP-2014 |

Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected futures real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Long Term Expected Rate of Return

| <u>Asset Type</u> | <u>Target Allocations in</u> | <u>Long-Term expected real rate of return in %</u> |
|-------------------------|----------------------------------|--|
| Domestic Equity | 36.0% | 4.55 |
| International Equity | 14.0% | 6.35 |
| Private Equity | 10.0% | 7.50 |
| Real Estate | 10.0% | 5.55 |
| Absolute Return | 2.0% | 3.75 |
| Opportunistic Portfolio | 3.0% | 5.68 |
| Real Asset | 3.0% | 5.29 |
| Bonds & Mortgages | 17.0% | 1.31 |
| Cash | 1.0% | -0.25 |
| Inflation Indexed Bonds | <u>4.0%</u> | 1.25 |
| Total | <u>100.0%</u> | |

Discount Rate

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

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

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

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

| | 1.0% Decrease (6.0%) | Current Discount (7.0%) | 1.0% Increase (8.0%) |
|--|----------------------------|-------------------------------|----------------------------|
| Proportionate Share of Net Pension liability (asset) – ERS | \$ 2,724,351 | \$ 360,065 | \$ (1,640,026) |
| Proportionate Share of Net Pension liability (asset) – PFRS | \$ 5,051,041 | \$ 1,031,189 | \$ (2,340,525) |

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

| | ERS | PFRS |
|---|----------------------|---------------------|
| Total pension liability | \$183,400,590 | \$ 32,914,423 |
| Net position | <u>(180,173,142)</u> | <u>(31,903,666)</u> |
| Net pension liability (asset) | <u>\$ 3,227,448</u> | <u>\$ 1,010,757</u> |
| Net position as a percentage of total pension liability | 98.24% | 96.93% |

9. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City administers the Medical Plan to its employees under a single-employer, self-insured benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employee agreements. The financial information for the City's plan is contained solely within these basic financial statements.

Funding Policy

The obligations of the Plan members, employees, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the member vary depending on the applicable agreement. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

Employees Covered by Benefit Terms

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

| | |
|---|-------------------|
| Inactive employees or beneficiaries receiving benefits | 97 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active Employees | <u>112</u> |
| Total Participants | <u><u>209</u></u> |

CITY OF ONEIDA, NEW YORK

Notes to Basic Financial Statements

Total OPEB Liability

The City's total OPEB liability of \$38,812,264 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018.

Changes in the Total OPEB Liability

| | |
|--|----------------------|
| Balance at January 1, 2018, as restated | <u>\$ 38,496,356</u> |
| Changes for the year - | |
| Service cost | 305,810 |
| Interest | 1,472,835 |
| Changes in benefit terms | - |
| Changes in assumptions | - |
| Differences between expected and actual experience | - |
| Benefit payments | <u>(1,462,737)</u> |
| Net changes | <u>315,908</u> |
| Balance at December 31, 2018 | <u>\$ 38,812,264</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 4.0% in 2017 to 3.9% in 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | | | |
|-------------------------|--|--------|---------|
| Discount rate | 4.0% as of January 1, 2018; 3.90% as of December 31, 2018 Rates were based on an average of three 20-year bond indices. | | |
| Real wage growth | 3.00% | | |
| Health Care Cost Trends | | | |
| | Year | Pre-65 | Post 65 |
| Year 1 | January 1, 2019 | 8.00% | 8.00% |
| Ultimate Trend | January 1, 2025 & Later | 5.00% | 5.00% |
| Grading Per Year | | 0.50% | 0.50% |
| Mortality | Rates were based on RP 2014 Healthy Male and Female Tables based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2018. | | |
| Retirement Rates | Valuation is based on the most recent New York State Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS). ERS and PFRS tables are based on version released in 2015. | | |

Notes to Basic Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents that the total OPEB liability for the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.90%) or 1 percentage point higher (4.90%) than the current discount rate:

| | 1 % Decrease (2.90%) | Current Discount Rate (3.90%) | 1 % Increase (4.90%) |
|----------------------|-------------------------|-------------------------------------|-------------------------|
| Total OPEB Liability | \$ 47,674,742 | \$ 38,812,264 | \$ 32,484,667 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

| | 1 % Decrease | Current Healthcare Trend Rate | 1 % Increase |
|----------------------|---------------|-------------------------------------|---------------|
| Total OPEB Liability | \$ 31,957,412 | \$ 38,812,264 | \$ 48,602,426 |

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$315,908. At December 31, 2018, the City did not report deferred outflows or inflows of resources related to OPEB.

Assets Accumulated in Trust

As of the date of the financial statement, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding other post employment benefits. As such, there are no assets accumulated in a trust that meets all of the criteria in *GASB Statement No. 75, Paragraph 4*.

CITY OF ONEIDA, NEW YORK

Budgetary Comparison Schedule
Required Supplementary Information (Unaudited)
Budget and Actual - General Fund
For the year ended December 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|---------------------|---------------------|--------------------------------------|
| | <u>Original</u> | <u>Modified</u> | <u>Amounts</u> | <u>Positive</u> <u>(Negative)</u> |
| Resources: | | | | |
| Real property taxes | \$ 4,202,892 | \$ 4,202,892 | \$ 4,211,571 | \$ 8,679 |
| Other real property tax items | 202,600 | 202,600 | 201,736 | (864) |
| Non-property taxes | 5,012,257 | 5,012,257 | 4,707,367 | (304,890) |
| Departmental revenues | 231,870 | 248,545 | 197,601 | (50,944) |
| Intergovernmental charges | 22,650 | 22,650 | 2,391 | (20,259) |
| Tribal Compact moneys | 200,000 | 200,000 | 163,009 | (36,991) |
| Use of money and property | 21,800 | 21,800 | 17,590 | (4,210) |
| Licenses and permits | 79,040 | 79,040 | 148,887 | 69,847 |
| Fines and forfeitures | 103,700 | 103,700 | 98,874 | (4,826) |
| State aid | 1,900,052 | 1,901,927 | 1,986,834 | 84,907 |
| Federal aid | - | - | - | - |
| Sale of property and compensation for loss | 85,000 | 169,164 | 94,905 | (74,259) |
| Miscellaneous | 18,500 | 19,757 | 6,596 | (13,161) |
| Amounts available for appropriation | <u>12,080,361</u> | <u>12,184,332</u> | <u>11,837,361</u> | <u>(346,971)</u> |
| Charges to appropriations: | | | | |
| General government support | 1,139,062 | 1,263,550 | 1,289,363 | 25,813 |
| Public safety | 4,349,780 | 4,483,457 | 4,340,812 | (142,645) |
| Health | 69,177 | 69,484 | 69,348 | (136) |
| Transportation | 1,306,239 | 1,352,852 | 1,268,078 | (84,774) |
| Economic assistance and opportunity | 1,000 | 1,000 | 1,000 | - |
| Culture and recreation | 495,434 | 543,124 | 477,999 | (65,125) |
| Home and community services | 226,679 | 234,457 | 210,083 | (24,374) |
| Employee benefits | 4,264,810 | 4,267,565 | 4,069,739 | (197,826) |
| Debt service - principal | 365,000 | 365,190 | 365,000 | (190) |
| Debt service - interest | 113,006 | 113,006 | 109,017 | (3,989) |
| Total charges to appropriations | <u>12,330,187</u> | <u>12,693,685</u> | <u>12,200,439</u> | <u>(493,246)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(249,826)</u> | <u>(509,353)</u> | <u>(363,078)</u> | <u>146,275</u> |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers from | 119,957 | 167,877 | 119,619 | (48,258) |
| Operating transfers to | <u>(83,400)</u> | <u>(122,188)</u> | <u>(38,789)</u> | <u>83,399</u> |
| Total other financing sources (uses) | <u>36,557</u> | <u>45,689</u> | <u>80,830</u> | <u>35,141</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (213,269)</u> | <u>\$ (463,664)</u> | <u>\$ (282,248)</u> | <u>\$ 181,416</u> |

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

Budgetary Comparison Schedule
Required Supplementary Information (Unaudited)
Budget and Actual - Water Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|-------------------|--------------------------------|
| | <u>Original</u> | <u>Modified</u> | <u>Amounts</u> | <u>Positive (Negative)</u> |
| Resources: | | | | |
| Departmental income | \$ 3,358,120 | \$ 3,358,120 | \$ 3,509,104 | \$ 150,984 |
| Use of money and property | 7,353 | 7,353 | 3,449 | (3,904) |
| Sale of property and compensation for a loss | <u>10,000</u> | <u>18,002</u> | <u>10,924</u> | <u>(7,078)</u> |
| Amounts available for appropriation | <u>3,375,473</u> | <u>3,383,475</u> | <u>3,523,477</u> | <u>140,002</u> |
| Charges to appropriations: | | | | |
| Home and community services | 2,087,143 | 2,073,459 | 1,821,807 | (251,652) |
| Employee Benefits | 621,568 | 621,568 | 554,357 | (67,211) |
| Debt Service - Principal | 410,000 | 410,000 | 410,000 | - |
| Debt Service - interest | <u>57,614</u> | <u>57,614</u> | <u>57,614</u> | <u>-</u> |
| Total charges to appropriations | <u>3,176,325</u> | <u>3,162,641</u> | <u>2,843,778</u> | <u>(318,863)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>199,148</u> | <u>220,834</u> | <u>679,699</u> | <u>(178,861)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from | 106,376 | 106,376 | 98,138 | (8,238) |
| Operating transfers to | <u>(503,293)</u> | <u>(671,510)</u> | <u>(368,660)</u> | <u>302,850</u> |
| Total other financing sources (uses) | <u>(396,917)</u> | <u>(565,134)</u> | <u>(270,522)</u> | <u>294,612</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (197,769)</u> | <u>\$ (344,300)</u> | <u>\$ 409,177</u> | <u>\$ 115,751</u> |

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

Budgetary Comparison Schedule
Required Supplementary Information (Unaudited)
Budget and Actual - Sewer Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------------|--------------------|---------------------|------------------|--------------------------------|
| | <u>Original</u> | <u>Modified</u> | <u>Amounts</u> | <u>Positive (Negative)</u> |
| Resources: | | | | |
| Departmental income | \$ 2,265,322 | \$ 2,265,322 | \$ 2,368,632 | \$ 103,310 |
| Use of money and property | 7,395 | 7,395 | 2,825 | (4,570) |
| Licenses and permits | - | - | 600 | 600 |
| Miscellaneous | <u>34,234</u> | <u>34,234</u> | <u>73,439</u> | <u>39,205</u> |
| Amounts available for appropriation | <u>2,306,951</u> | <u>2,306,951</u> | <u>2,445,496</u> | <u>138,545</u> |
| Charges to appropriations: | | | | |
| Home and community services | 1,382,466 | 1,581,324 | 1,484,061 | (97,263) |
| Employee Benefits | 391,490 | 398,114 | 305,971 | (92,143) |
| Debt Service - Principal | 289,134 | 289,134 | 289,134 | - |
| Debt Service - interest | <u>35,735</u> | <u>35,735</u> | <u>28,111</u> | <u>(7,624)</u> |
| Total charges to appropriations | <u>2,098,825</u> | <u>2,304,307</u> | <u>2,107,277</u> | <u>(197,030)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>208,126</u> | <u>2,644</u> | <u>338,219</u> | <u>(58,485)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from | - | - | 80,243 | 80,243 |
| Operating transfers to | <u>(262,319)</u> | <u>(337,080)</u> | <u>(341,954)</u> | <u>(4,874)</u> |
| Total other financing sources (uses) | <u>(262,319)</u> | <u>(337,080)</u> | <u>(261,711)</u> | <u>75,369</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (54,193)</u> | <u>\$ (334,436)</u> | <u>\$ 76,508</u> | <u>\$ 16,884</u> |

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

Required Supplementary Information (Unaudited)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the Year Ended December 31, 2018

| | Last 10 Fiscal Years | | | | | | | | | |
|---|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| Total OPEB Liability | | | | | | | | | | |
| Service cost | \$ 305,810 | | | | | | | | | |
| Interest | 1,472,835 | | | | | | | | | |
| Changes of benefit terms | - | | | | | | | | | |
| Differences between expected and actual experience | - | | | | | | | | | |
| Changes in assumptions | - | | | | | | | | | |
| Benefit payments | (1,462,737) | | | | | | | | | |
| Total change in total OPEB liability | 315,908 | | | | | | | | | |
| Total OPEB liability - beginning | <u>38,496,356</u> | | | | | | | | | |
| Total OPEB liability - ending | <u>38,812,264</u> | | | | | | | | | |
| Covered-employee payroll | \$ 6,405,602 | | | | | | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 605.9% | | | | | | | | | |

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

| | | |
|---------------|-------|-------|
| Discount rate | 3.90% | 4.00% |
|---------------|-------|-------|

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan assets: No assets are accumulated in a trust that meets all of the criteria of GASB Statement No. 75, paragraph 4 to pay benefits.

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of Net Pension Liability (Asset)
For the Year Ended December 31, 2018

| | Last 10 Fiscal Years | | | | | | | | | |
|--|----------------------|--------------|--------------|-------------|--|-------------|-------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN: | | | | | | | | | | |
| Proportion of the net pension liability (asset) | 0.0111564% | 0.0114157% | 0.0111832% | 0.0012297% | Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available. | | | | | |
| Proportionate share of the net pension liability (asset) | \$ 360,065 | \$ 1,072,640 | \$ 1,794,936 | \$ 415,434 | | | | | | |
| Covered-employee payroll | 3,502,170 | 3,442,685 | 3,054,725 | 3,243,110 | | | | | | |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 10.28% | 31.16% | 58.76% | 12.81% | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 98.24% | 94.70% | 90.70% | 97.90% | | | | | | |
| NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN: | | | | | | | | | | |
| Proportion of the net pension liability (asset) | 0.1020214% | 0.1046571% | 0.1080690% | 0.1086180% | Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available. | | | | | |
| Proportionate share of the net pension liability (asset) | \$ 1,031,189 | \$ 2,169,177 | \$ 3,199,691 | \$ 299,157 | | | | | | |
| Covered-employee payroll | 3,692,721 | 3,491,800 | 3,230,831 | 3,270,342 | | | | | | |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 27.92% | 62.12% | 99.04% | 9.15% | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 96.93% | 93.46% | 90.20% | 99.00% | | | | | | |

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension Plans
For the Year Ended December 31, 2018

| | Last 10 Fiscal Years | | | | | | | | | |
|--|----------------------|------------------|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN: | | | | | | | | | | |
| Contractually required contribution | \$ 508,224 | \$ 505,200 | \$ 557,773 | \$ 544,656 | | | | | | |
| Contributions in relation to the contractually required contribution | <u>(508,224)</u> | <u>(505,200)</u> | <u>(557,773)</u> | <u>(544,656)</u> | | | | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | | | |
| Covered-employee payroll | 3,502,170 | 3,442,685 | 3,355,870 | 3,054,725 | | | | | | |
| Contributions as a percentage of covered-employee payroll | 14.51% | 14.67% | 16.62% | 17.83% | | | | | | |
| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN: | | | | | | | | | | |
| Contractually required contribution | \$ 790,766 | \$ 744,416 | \$ 802,885 | \$ 752,885 | | | | | | |
| Contributions in relation to the contractually required contribution | <u>(790,766)</u> | <u>(744,416)</u> | <u>(802,885)</u> | <u>(752,882)</u> | | | | | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | | | |
| Covered-employee payroll | 3,692,721 | 3,491,800 | 3,351,258 | 3,230,831 | | | | | | |
| Contributions as a percentage of covered-employee payroll | 21.41% | 21.32% | 23.96% | 23.30% | | | | | | |

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See Notes to the Required Supplementary Information.

Notes to the Required Supplementary Information (Unaudited)

1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- 1) No later than October 31st of each year, the Mayor submits a tentative budget to Common Council for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the City.
- 2) After public hearings are conducted to obtain taxpayer comments, the Common Council adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- 3) All modifications of the budget must be approved by the City Board and all appropriations lapse at fiscal year-end.
- 4) Legally adopted budgets include the General Fund, Water Fund and the Sewer Fund.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States. Budgetary comparisons presented in this report are on a GAAP basis and represent the budget as modified.

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

May 20, 2019

To the Common Council of
City of Oneida, New York

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oneida, New York (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2019. In our report on the financial statements, we issued an adverse opinion on the discretely presented component unit because the Oneida Public Library was excluded from the City's financial statements. All other opinion units were issued unmodified opinions.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

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

City of Oneida, New York's Response to Findings

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

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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

May 20, 2019

To the Common Council of
City of Oneida, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Oneida, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 the City's major federal program 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'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's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the City 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'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'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.

CITY OF ONEIDA, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018**

| Federal Grantor/Pass-through Grantor/Program Title | CFDA # | Agency or Pass-Through Number | Federal Expenditures |
|--|--------|-------------------------------------|-------------------------|
| U.S. Department of Housing and Urban Development Passed-through NYS Homes & Community Renewal: HOME Investment Partnership Program | 14.239 | 2015-3009 | \$ 193,153 |
| Total Passed-through NYS Homes & Community Renewal | | | 193,153 |
| Total U.S. Department of Housing and Urban Development | | | 193,153 |
| U.S. Department of Transportation Passed-through NYS Department of Transportation: Highway Planning and Construction | 20.205 | D034690 | 554,211 |
| Total Passed-through NYS Department of Transportation | | | 554,211 |
| Total U.S. Department of Transportation | | | 554,211 |
| U.S. Department of Homeland Security Assistance to Firefighters Grant | 97.044 | EMW-2017-FO-03600 | 34,941 |
| Passed-through NYS Division of Homeland Security: Hazard Mitigation Grant | 97.039 | 4031-0035 | 7,300,815 |
| Hazard Mitigation Grant | 97.039 | 4129-PW-0052 | 298,524 |
| Total Hazard Mitigation Grant | | | 7,599,339 |
| Total Passed-through NYS Department of Homeland Security | | | 7,599,339 |
| Total U.S. Department Homeland Security | | | 7,634,280 |
| Total Expenditures of Federal Awards | | | \$ 8,381,644 |

CITY OF ONEIDA, NEW YORK

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2018

1. BASIS OF PRESENTATION

Pass-Through Programs

Where the City of Oneida, New York (the City) receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number when advised by the pass-through grantor. Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the City's financial management system. City management has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards (SEFA).

2. BASIS OF ACCOUNTING

The SEFA is presented in accordance with accounting principles generally accepted in the United States of America and is derived from the City's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the SEFA up to such amounts.

3. LOANS RECEIVABLE – Community Development Block Grant (CFDA 14.218)

The City of Oneida provides loans to small businesses to develop innovative products and services and create jobs. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$7,000 to \$75,000. The loans are to be repaid in monthly installments over 5 to 28 years at an interest rate of 1.75 to 4.75%. The interest received is considered to be program income and is used to pay administrative costs associated with the program as well as for subsequent loans. At December 31, 2018 the outstanding principal balance of those loans were \$185,516.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the City's share of certain program costs, are not included in the reported expenditures.

CITY OF ONEIDA, NEW YORK

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018**

Part 1 Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the City's financial statements were prepared in accordance with GAAP:

Unmodified - governmental activities, each major fund and aggregate remaining fund information

Adverse - aggregate discretely presented component unit

Internal control over financial reporting:

Material weakness(es) identified?

☒ Yes ☐ No

Significant deficiencies identified?

☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiencies identified?

☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

☐ Yes ☒ No

The dollar threshold to distinguish between Type A and B programs was \$750,000.

The major federal program of the City for the year ended December 31, 2018 was as follows:

U.S. Department of Homeland Security

Hazard Mitigation Grant (97.039)

The City was not considered a low-risk auditee for the year ended December 31, 2018.

CITY OF ONEIDA, NEW YORK

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Part II Financial Statement Findings

Reference: 2018-001

Prior year audit finding number: 2017-001

Financial Reporting

Criteria:

Internal controls over financial reporting should be properly designed, documented and implemented to ensure all material transactions are recorded properly in accordance with Generally Accepted Accounting Principles (GAAP).

Cause/Condition:

In the Sewer Fund a revenue accrual was recorded twice in error. In the Capital Projects Fund an expenditure was not properly accrued for as of December 31, 2018. In addition, capital assets were understated for current year additions that were not identified and reflected as such in the in the governmental activities opinion unit. Errors were not detected until audit procedures were performed.

Effect:

Material audit adjustments were necessary so that the financial statement are presented in accordance with GAAP.

Sewer Fund

| | | | |
|-----------------------|----|--------|-----------|
| Miscellaneous Revenue | \$ | 65,987 | |
| Accounts Receivable | | | \$ 65,987 |

Capital Fund

| | | | |
|------------------|----|---------|------------|
| Expenditure | \$ | 302,233 | |
| Accounts Payable | | | \$ 302,233 |

Governmental Activities Opinion Unit

| | | | |
|--------------------------|----|---------|------------|
| Land | \$ | 4,200 | |
| Infrastructure | | 4,899 | |
| Machinery & Equipment | | 27,027 | |
| Vehicles | | 348,621 | |
| Construction in Progress | | 272,608 | |
| Expense | | | \$ 657,355 |

CITY OF ONEIDA, NEW YORK

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2018

Recommendation:

We recommend management develop and document policies and procedures that require all activity and transactions at year end be recorded in the correct fiscal year in accordance with Generally Accepted Accounting Principles. Management should review all items within sixty days of year end and appropriate adjustments should be made as necessary. Management should consider the necessity for additional procedures that will allow capital asset purchase expenditures to be identified in real time so that the government-wide financial statements can properly reflect capital asset balances at year end.

Management's Response:

We anticipate the updated software (which went live in May 2019) will assist in our internal controls over double booking and capturing the vouchers to be applied to the correct year. We have been working with our software consultant to design the needed year end procedures. We have also implemented a Capital Assets program to allow the software to track and maintain the general ledger asset accounts electronically as items are purchased or projects began or completed.

Reference: 2018-002

Prior year audit finding number: 2017-003

Financial Reporting**Criteria:**

Internal controls should be properly designed, documented and implemented to ensure the timeliness of the tax sale certificate and properties acquired for taxes.

Cause/Condition:

The City Charter is not updated to reflect current practices.

Effect:

Properties may not be acquired by the City within the two years as noted by the Charter causing the property to remain delinquent. In addition, properties acquired are not being put up for sale or auctioned to get the property back on the tax roll in a reasonable amount of time.

Recommendation:

We recommend the City update the Charter to clearly define the policies for tax sale certificates and properties acquired for taxes. In additions, we recommend that management enforce these policies as written in the Charter.

Management's Response:

Discussions are in progress with the Mayor, Common Council and Chamberlain to correct the issue of allowing delinquent taxes past the charter requirements.

FORM OF BOND COUNSEL'S OPINION - BONDS

October 8, 2019

City of Oneida
County of Madison
State of New York

Re: City of Oneida, County of Madison, New York
\$1,506,758 Public Improvement (Serial) Bonds, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,506,758 Public Improvement (Serial) Bonds, 2019 (the "Obligations"), of the City of Oneida, County of Madison, State of New York (the "Obligor"), dated October 8, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ and ____ hundredths per centum (____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ____ per centum (____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive payable on April 1, 2020 and semi-annually thereafter on October 1 and April 1, and maturing in the amount of \$_____ on October 1, 2020, \$_____ on October 1, 2021, \$_____ on October 1, 2022, \$_____ on October 1, 2023, \$_____ on October 1, 2024, \$_____ on October 1, 2025, \$_____ on October 1, 2026, \$_____ on October 1, 2027, \$_____ on October 1, 2028, \$_____ on October 1, 2029, \$_____ on October 1, 2030, \$_____ on October 1, 2031, \$_____ on October 1, 2032 and \$_____ on October 1, 2033.

The Bonds maturing on or before October 1, 2027 shall not be subject to redemption prior to maturity. The Bonds maturing on or after October 1, 2028 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on October 1, 2027 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

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 or 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

FORM OF BOND COUNSEL'S OPINION – SERIES A NOTES

October 8, 2019

City of Oneida
County of Madison
State of New York

Re: City of Oneida, County of Madison, New York
\$1,100,000 Bond Anticipation Notes, 2019 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,100,000 Bond Anticipation Notes, 2019 Series A (the "Obligation"), of the City of Oneida, County of Madison, State of New York (the "Obligor"), dated October 8, 2019 in the denomination of \$_____, bearing interest at the rate of _____% per annum, payable at maturity, and maturing October 8, 2020.

The Notes will be subject to redemption, in full or in part, on or after April 8, 2020 at par, upon 20 days prior written notice to the registered owner thereof.

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 Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation 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 Obligation 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 Obligation 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 Obligation 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 Obligation, including the form of the Obligation. 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 Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) 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, 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 Obligation; 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 Obligation 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 Obligation 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 Obligation.

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 Obligation) 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 Obligation 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation 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 Obligation 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 revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation 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 Obligation, 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,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

FORM OF BOND COUNSEL'S OPINION – SERIES B NOTES

October 8, 2019

City of Oneida
County of Madison
State of New York

Re: City of Oneida, County of Madison, New York
\$600,000 Bond Anticipation Notes, 2019 (Renewals) Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$600,000 Bond Anticipation Notes, 2019 (Renewals) Series B (the "Obligation"), of the City of Oneida, County of Madison, State of New York (the "Obligor"), dated October 8, 2019 in the denomination of \$_____, bearing interest at the rate of _____% per annum, payable at maturity, and maturing October 8, 2020.

The Notes will be subject to redemption, in full or in part, on or after April 8, 2020 at par, upon 20 days prior written notice to the registered owner thereof.

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 Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation 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 Obligation 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 Obligation 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 Obligation 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 Obligation, including the form of the Obligation. 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 Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) 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, 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 Obligation; 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 Obligation 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 Obligation 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 Obligation.

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 Obligation) 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 Obligation 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation 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 Obligation 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 revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation 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 Obligation, 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,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP