OFFICIAL STATEMENT

NEW AND RENEWAL ISSUES | **SERIAL BOND AND BOND ANTICIPATION NOTES**

S&P GLOBAL RATINGS | **See "BOND 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. 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 and any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. 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.

$4,420,280
CITY OF ONEIDA
MADISON COUNTY, NEW YORK

Oneida NEW YORK

"A Bit of America at its Best."

GENERAL OBLIGATIONS
CUSIP BASE #: 682539

$3,796,280 Public Improvement (Serial) Bonds, 2018
(referred to herein as the "Bonds")

Dated and Delivered: October 9, 2018 **Due: October 1, 2019-2042**

MATURITIES

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2019	$ 286,280	%	%		2027	$ 205,000*	%	%		2035	$ 55,000*	%	%	
2020	280,000				2028	205,000*				2036	65,000*			
2021	285,000				2029	195,000*				2037	65,000*			
2022	245,000				2030	185,000*				2038	70,000*			
2023	245,000				2031	185,000*				2039	70,000*			
2024	205,000				2032	185,000*				2040	70,000*			
2025	205,000				2033	100,000*				2041	65,000*			
2026	205,000				2034	55,000*				2042	65,000*			

AND

$624,000 Bond Anticipation Notes, 2018 (Renewals)
(referred to herein as the "Notes")

Dated: October 9, 2018 **Due: October 9, 2019**

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

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 "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" 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 2019. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on April 1, 2019 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 2019 which is or includes $5,280, 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 $3,796,280 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, except for one necessary odd denomination which is or includes $9,000.

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, except for one necessary odd denomination which is or includes $9,000. A single note certificate will be issued for 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 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 9, 2018.

ELECTRONIC BIDS for the Bonds and Notes may be submitted via Fiscal Advisors Auction Bid Submission System (“Fiscal Advisors Auction”) on September 25, 2018 until 10:45 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 11, 2018

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND 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.

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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MUNICIPAL ADVISOR

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(315) 752-0051

BOND COUNSEL

orrick

Orrick, Herrington & Sutcliffe LLP
51 West 52nd Street
New York, New York 10019
(212) 506-5151

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

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

of the

CITY OF ONEIDA
MADISON COUNTY, NEW YORK

Relating To

$3,796,280 Public Improvement (Serial) Bonds, 2018
&
$624,000 Bond Anticipation Notes, 2018 (Renewals)

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 $3,796,280, Public Improvement (Serial) Bonds, 2018 (the “Bonds”) and $624,000 Bond Anticipation Notes, 2018 (Renewals) (the “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 2019 which is or includes $5,280. 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, 2019 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, 2026 shall not be subject to redemption prior to maturity. The Bonds maturing on or after October 1, 2027 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, 2026 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

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 ordinances.

Purpose		Amount
WWTP Aeration Improvements		$1,140,000
City Hall Improvements		199,000
DPW Fleet Replacement		393,146
Sewer Fleet Replacement		238,300
City Hall Security Upgrades		203,987
Fire Ladder Truck Rehab		450,000
Fire Ladder Truck Rehab		50,000
Software Conversion		160,000
Emergency City Hall Generator Equipment		60,000
Replacement Skid Steer		71,000
City Hall Repairs		155,500
Design Phase LED Project		93,284
Street Sweeper		195,166
Snow Plow		273,633
Police Vehicles		113,264
	Total	$3,796,280

$2,624,433 of the Bonds along with $380,000 available funds of the City will redeem $3,004,433 of the $3,628,433 bond anticipation notes maturing on October 10, 2018 and will provide $1,171,847 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 INFORMATION – Tax Cap Law” herein.

The Notes are dated October 9, 2018 and will mature, without option of prior redemption, on October 9, 2019.

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, except for one necessary odd denomination which is or includes $9,000, 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.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purposes of Issue

The 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 bond ordinances authorizing the issuance of serial bonds to finance a flood mitigation project.

The proceeds of the Notes will renew in full $624,000 of the $3,628,433 bond anticipation notes maturing on October 10, 2018 for the above 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 Notes bearing the same rate of interest and CUSIP number, 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 2019 which is or includes $5,280. 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, 2019 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, except for a necessary odd denomination which is or includes $9,000. Principal of and interest on the Notes will be payable at the City. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE CITY

General Information

The City, with a land area of 21.9 square miles and a current population of 10,997 (2017 U.S. Census estimate), 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:

- 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 local jobs in the City.
- Building expansion at All Seasonings Ingredients Inc., a seasonings manufacturer, in the Oneida Business Park resulting in additional jobs in the City.
- 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, has completed a 40-unit residential complex.
- 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.
- The City has been working on designing the Oneida Rail Trail which converts existing railbeds to a multimodal transportation corridor within and connecting to the City of Oneida.
- Design phase continues of an Energy Performance Contract for the City to purchase the Street Lighting and change over to LED lights.

Source: City officials.

Population Trends

Year	City of Oneida	Madison County	New York State
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
2016 (Estimated)	11,080	71,329	19,745,289
2017 (Estimated)	10,997	70,965	19,849,399

Source: U.S. Census Bureau.

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:

Name of Employer	Type of Business	Approximate Number of Employees
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

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.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2012-2016	2000	2006-2010	2012-2016
City of:						
Oneida	$ 18,966	$ 23,553	$ 25,038	$ 45,242	$ 58,078	$ 57,629
County of:						
Madison	19,105	24,311	26,824	47,889	61,828	69,258
State of:						
New York	23,389	30,948	34,212	51,691	67,405	74,036

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

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2012-2016 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.

	Annual Average						
	2011	2012	2013	2014	2015	2016	2017
Madison County	8.2%	8.5%	7.6%	6.4%	5.7%	5.2%	5.6%
New York State	8.3	8.5	7.7	6.3	5.3	4.8	4.7

	2018 Monthly Figures								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Madison County	7.1%	7.2%	6.7%	5.6%	4.4%	4.8%	4.6%	N/A	N/A
New York State	5.1	5.1	4.8	4.3	3.7	4.2	4.2	N/A	N/A

Note: Unemployment Rates for August and September 2018 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.

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 2018 fiscal year, approximately 15.7% of the operating revenues of the City were 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:

Bargaining Unit	Number of Members	Contract Expiration Date
Civil Service Employees' Association	57	December 31, 2020
Oneida Paid Firefighters' Association	24	December 31, 2018
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 form 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 2018 fiscal year are as follows:

Year	ERS	PFRS
2013 (1)	$ 600,618	$ 865,459
2014	400,692	876,712
2015	544,656	752,885
2016	554,494	790,835
2017	551,994	810,238
2018 (Budgeted)	546,896	824,324

(1) The City opted to amortize its 2013 ERS and PFRS contributions. 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 (2014 to 2019) is shown below:

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

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

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

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

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

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

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

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

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.

Annual OPEB Cost and Net OPEB Obligation:	***2016***	***2017***
Annual required contribution (ARC)	$ 1,937,659	$ 1,982,243
Interest on net OPEB obligation	658,177	672,043
Adjustment to ARC	(1,184,738)	(1,184,738)
Annual OPEB cost (expense)	1,411,098	1,469,548
Contributions made	(1,064,448)	(1,139,607)
Increase in net OPEB obligation	346,650	329,941
Net OPEB obligation - beginning of year	16,454,424	16,801,074
Net OPEB obligation - end of year	$ 16,801,074	$ 17,131,015
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	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 24,575,806	$ 25,363,814
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 1,469,548	77.5%	$ 17,131,015
2016	1,411,098	75.4	16,801,074
2015	1,373,750	90.1	16,454,424

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.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The City is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

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, 2017 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:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2016	No Designation	8.3%
2015	No Designation	5.0%
2014	No Designation	6.7%

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

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
Assessed Valuation	$ 493,800,877	$ 468,993,597 [1]	$ 467,832,999	$ 461,928,158	$ 464,690,499
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 493,800,877	$ 468,993,597	$ 467,832,999	$ 461,928,158	$ 464,690,499

(1) Significant change due to the nullification of the Indian Land Claim Settlement in 2014. The Indian Nation previously paid their taxes in full until the Claim was settled. Upon settlement of the Claim, the agreement was nullified and Indian Nation property became tax exempt resulting in the large decrease in assessed valuations of the City (see "ONEIDA INDIAN NATION" herein).

Tax Rate per $1,000 (Assessed)

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
Inside	$ 7.81	$ 8.41	$ 8.96	$ 9.14	$ 9.59
Outside	3.95	4.26	4.53	4.62	4.85

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

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
Total Tax Levy	$ 3,244,339	$ 3,378,397	$ 3,582,357	$ 3,593,711	$ 3,796,128
Amount Uncollected (1)	130,712	158,397	156,518	120,374	186,898 (2)
% Uncollected	4.03%	4.69%	4.37%	3.35%	4.92% (2)

(1) See "Tax Collection Procedure" herein.
(2) As of July 1, 2018.

Sales Tax Revenues

The following chart displays the actual amount of Sales Tax Revenues received in the years 2008 through 2017 and the amount projected to be received for 2018:

Fiscal Year		Sales Tax Revenues
2008		$ 4,188,242
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	(Budgeted)	4,767,257
2018	(Collected to Date) (1)	2,412,228

(1) Collected as of August 8, 2018.

Source: City officials.

Larger Taxpayers 2017 Assessment Roll

Name	Type	Taxable Assessed Valuation
Niagara Mohawk	Utility	$ 15,974,896
H P Hood [1]	Dairy Industry	13,434,400
Wal Mart	Shopping Center	9,500,000
Nye (XNEA) [2]	Automotive	9,136,500
Glenwood Plaza LLC	Shopping Center	8,811,475
S Realty (Lowe's) [1]	Shopping Center	7,936,500
WACH (Price Chopper) [2]	Shopping Center	4,701,800
Oneida Savings (Community)	Bank	2,622,100
Oneida Company Ltd	Shopping Center	2,350,000
My Fun Properties	Silver City Labreck	1,939,100
TDK Properties Tractor Supply	Shopping Center	1,800,000
East Coast Properties	Apartments	1,610,000
Serendib Management	Dr. Office Complex	1,328,000
AXAR (Super 8)	Motel	1,200,000
AJW (Pepi's Pizza)	Restaurant	1,099,200

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

The larger taxpayers listed above have a total assessed valuation of $83,443,971, which represents approximately 25.67% of the tax base of the City. As of the date of this Official Statement, the City does not currently have any pending or outstanding tax certioraris that are known or 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:

Fiscal Year Ending December 31:	2018	2017	2016
Five Year Average Full Valuation	$ 471,450,423	$ 476,749,823	$ 482,213,514
Tax Limit - (2%)	9,429,008	9,534,996	9,644,270
Add: Exclusions from Tax Limit	945,624	1,236,422	903,785
Total Taking Power	$ 10,374,632	$ 10,771,418	$ 10,548,055
Less: Total Levy	4,161,785	4,014,838	3,090,098
Constitutional Tax Margin	$ 6,212,847	$ 6,756,580	$ 7,457,957

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 $3,150 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 expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

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

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

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

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

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

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

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, my 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

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017
Bonds	$ 11,527,494	$ 10,703,360	$ 12,604,226	$ 13,234,795	$ 12,170,958
Bond Anticipation Notes	1,180,000	2,910,000	3,525,109	0	3,628,433
Other Debt	0	0	0	0	0
Totals	$ 12,707,494	$ 13,613,360	$ 16,129,335	$ 13,234,795	$ 15,799,391

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of September 11, 2018.

Type of Indebtedness	Maturity	Amount
Bonds	2018-2039	$ 11,616,824
Bond Anticipation Notes		
Various Capital Improvements	October 10, 2018	3,628,433 (1)
	Total Indebtedness	$ 15,245,257

(1) To be redeemed at maturity with the proceeds of the Bonds and Notes along with $380,000 available funds of the City.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin shown as of September 11, 2018:

Five-Year Average Full Valuation of Taxable Real Property			$ 471,449,226
Debt Limit - 7% thereof			33,001,446
Inclusions:			
Bonds	$ 11,616,824		
Bond Anticipation Notes	3,628,433		
Total Inclusions		$ 15,245,257	
Exclusions:			
Appropriations	$ 510,000		
Sewer Debt (1)	6,071,824		
Water Debt (2)	270,000		
Total Exclusions		$ 6,851,824	
Total Net Indebtedness Subject to Debt Limit			$ 8,393,433
Net Debt-Contracting Margin			$ 24,608,013
Percent of Debt Contracting Power Exhausted			25.43%

(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 $1,171,847. The proceeds of the 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 authorized $631,446 for the acquisition of heavy machinery and equipment for the DPW and Sewer Fleet Replacement program. The City will also be undertaking the movement of the Public Works Garage to an area that is not in a flood zone. This project will be financed through a FEMA Grant. Additionally, the Waste Water Treatment Plant will be working on the Mitigation program which is also partially FEMA funded as a result of the 2013 flood. Additional Grant funding is being researched, however a serial bond resolution in the amount of $624,000 has been authorized for additional repairs needed during the mitigation project. The City is applying for a 0% interest bond and has also applied for a grant through the NYS Water Infrastructure Improvement Act (WIIA) for $380,000 to help pay down these project costs. Another result of the 2013 flood is the FEMA buyout program that is providing funds to effectuate the buyout of properties located in the "flats", the project is authorized up to $21,000,000. This project is currently underway and will continue throughout the year with demolishing starting in the summer of 2017. $631,446 of the proceeds of the Bonds along with the proceeds of the Notes will redeem $1,255,446 of the $3,628,433 outstanding bond anticipation notes maturing on October 10, 2018.

In April 2017, the City approved bond resolutions for the repair and security upgrades to the City Hall facility. This project will repair the leaking roof and upgrade the security of the building. The proceeds of the Bonds will redeem $402,987 of the $3,628,433 bond anticipation notes maturing October 10, 2018, and will provide $155,500 new money for the aforementioned purpose.

Due to a proactive approach the City has authorized bonds in the amount $450,000 for a rehabilitation of the Fire Ladder Truck. This will allow the vehicle an extended life span. The proceeds of the Bonds will redeem $450,000 bond anticipation notes maturing October 10, 2018 and will provide $50,000 new money for the aforementioned purpose.

A DEC Consent Order was issued for the Wastewater Treatment Plant to increase their aeration. Grant funds are being reviewed and applications have been sent. This project will upgrade the diffuser and piping to increase the aeration to the biological environment necessary for the plant to operate. The proceeds of the Bonds along with $380,000 available funds of the City will redeem $1,520,000 of the $3,628,433 bond anticipation notes maturing October 10, 2018 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. The proceeds of the Bonds will provide $93,284 new money for the aforementioned purpose.

The City has authorized but unissued debt for the construction of a new public library facility (the "Project") for the Oneida Public 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 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 issued in anticipation of 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. A definitive timeline for this borrowing is not known as the project scope is being reevaluated.

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

2018 Summary of Capital Projects

Project Type	Estimated Project Cost	Funding Source
Annual Street Paving Program 2018	$ 318,374	Aid/Grant
2018, Public Works Garage	1,900,000	Aid/Grants
2018 WWTP Vehicle Replacement	238,301	Serial Bond
2018 DPW heavy Equipment Replacement	610,454	Serial Bond
Flood Mitigation	1,914,000	Aid/Grant/Serial Bond
City Hall Software Conversion	240,000	Water & Sewer Fund/Serial Bond
Oneida Rail Trail	1,324,000	Aid/Grant/Serial Bond/General Fund
2018 Police Car Replacement	100,000	Serial Bond
2018 City Hall Generator Replacement	60,000	Serial Bond
2018 LED Street Lighting Energy Performance Contract	700,000	Serial Bond
2018 Glenmore Treatment Plant	100,000	Water Fund
Baker Tank Mixers	117,200	Water Fund

Source: City officials.

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:

Municipality	Status of Debt as of	Gross Indebtedness [(1)]	Estimated Exclusions		Net Indebtedness	City Share	Applicable Net Indebtedness
County of:							
Madison	12/31/2016	$ 22,212,288	$ 2,710,351	(2)	$ 19,501,937	12.62%	$ 2,461,144
School District:							
Oneida City SD	6/30/2017	23,786,164	20,622,604	(3)	3,163,560	62.09%	1,964,254
Stockbridge Valley CSD	6/30/2017	3,475,000	3,308,200	(3)	166,800	6.33%	10,558
Sherrill City SD	6/30/2017	7,220,000	6,230,860	(3)	989,140	3.59%	35,510
						Total:	$ 4,471,467

(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 2016 and 2017.

Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of September 11, 2018:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 8,393,433	$ 763.25	1.81%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	12,864,900	1,169.86	2.77

(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 2018 fiscal year is $464,690,499. (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 $4,471,467. (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 crisises 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.

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" and "APPENDIX – G" 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 the 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds 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 approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Bonds and Notes substantially in the forms set forth in "APPENDIX – F" and "APPENDIX – G" 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 described 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 did not file its audited financial statements for the fiscal years ending December 31, 2010 and December 31, 2011 within time periods required by the City’s existing disclosure agreements. The City did file an Annual Financial Report Update Document for the fiscal year ending December 31, 2011 on May 25, 2012. The 2010 and 2011 audited financial statements were filed on May 7, 2013. A failure to file notice was submitted to EMMA on April 8, 2015.

BOND 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 underlying rating of "AA-" 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 11, 2018

LEE ANN WELLS
CITY COMPTROLLER AND CHIEF FINANCIAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	2013	2014	2015	2016	2017
ASSETS					
Cash and Short-term Investments	$ 3,349,475	$ 3,499,078	$ 2,942,712	$ 1,902,603	$ 1,707,933
Restricted Cash	-	-	7,047	-	-
Receivable-Taxes	1,261,018	1,297,958	1,411,272	1,492,306	1,552,543
Receivable-Other	75,891	41,736	39,231	30,190	19,425
Property aquired for taxes	-	-	-	161,497	184,696
State & Federal Aid Receivables	-	-	-	-	-
Due from Other Funds	108,736	13,949	9,693	1,000,453	1,957,272
Due from Other Governments	770,706	597,580	413,600	380,547	499,591
Prepaid Expenditures	377,350	386,535	331,647	344,342	349,497
TOTAL ASSETS	5,943,176	5,836,836	5,155,202	5,311,938	6,270,957
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 258,458	$ 47,390	$ 54,277	$ 50,238	$ 53,474
Accrued Liabilities	10,000	151,153	49,236	64,641	78,189
Due to Other Governments	-	-	-	63,491	178,233
Due to Other Funds	8,020	208,073	-	-	-
Other Liabilities	-	-	-	-	-
Bond Interest and Long Term Liabilities	-	90,912	91,018	-	-
Deferred Revenue	1,094,940	1,212,187	1,235,536	1,401,401	1,864,973
TOTAL LIABILITIES	1,371,418	1,709,715	1,430,067	1,579,771	2,174,869
FUND EQUITY					
Reserved/Nonspendable	$ 487,867	$ 428,784	$ 454,440	$ 505,839	$ 534,193
Unreserved:					
Appropriated/Assigned	650,555	1,252,305	489,882	172,417	111,432
Unappropriated/Unassigned	3,433,336	2,446,032	2,780,813	3,053,910	3,450,463
TOTAL FUND EQUITY	4,571,758	4,127,121	3,725,135	3,732,166	4,096,088
TOTAL LIABILITIES and FUND EQUITY	$ 5,943,176	$ 5,836,836	$ 5,155,202	$ 5,311,937	$ 6,270,957

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:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 3,098,255	$ 3,087,784	$ 3,525,937	$ 3,790,363	$ 3,884,964
Real Property Tax Items	202,478	188,717	205,699	215,295	259,941
Non-Property Tax Items	4,580,043	4,633,048	4,738,507	4,677,591	4,890,066
Departmental Income	194,128	223,825	193,363	176,128	181,194
Intergovernmental Charges	450,214	683,818	20,282	13,348	22,626
Tribal Compact Moneys	-	-	162,861	202,152	185,837
Use of Money & Property	23,835	19,649	23,339	15,643	12,431
Licenses and Permits	60,570	89,864	94,029	49,230	279,954
Fines and Forfeitures	96,287	124,068	98,583	103,177	100,346
Sale of Property and Compensation for Loss	194,438	69,825	217,605	24,800	119,523
Miscellaneous	5,336	32,724	33,946	24,154	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	1,886,393	1,920,022	1,905,497	1,907,860	2,026,221
Revenues from Federal Sources	383,271	-	-	-	2,215
Total Revenues	$ 11,175,248	$ 11,073,344	$ 11,219,648	$ 11,199,741	$ 11,965,318
EXPENDITURES					
General Government Support	$ 1,481,460	$ 1,204,878	$ 1,204,098	$ 1,102,312	$ 1,178,564
Education	-	-	-	-	-
Public Safety	3,944,533	3,999,201	3,985,975	3,942,832	4,184,327
Health	18,918	38,806	18,463	20,587	5,806
Transportation	1,145,250	1,146,533	1,368,807	1,058,333	1,071,350
Economic Assistance and Opportunity	-	1,500	1,500	1,500	750
Culture and Recreation	372,233	278,221	174,737	352,154	427,640
Home and Community Services	247,592	374,267	365,257	396,183	404,233
Employee Benefits	3,820,916	3,904,489	3,906,488	3,981,447	4,083,804
Debt Service	465,945	426,847	489,699	521,104	545,785
Total Expenditures	$ 11,496,847	$ 11,374,742	$ 11,515,024	$ 11,376,452	$ 11,902,259
Excess of Revenues Over (Under) Expenditures	$ (321,599)	$ (301,398)	$ (295,376)	$ (176,711)	$ 63,059
Other Financing Sources (Uses):					
Operating Transfers In	211,216	173,834	237,317	192,616	300,863
Operating Transfers Out	(67,745)	(317,073)	(343,927)	(8,874)	-
Total Other Financing	143,471	(143,239)	(106,610)	183,742	300,863
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(178,128)	(444,637)	(401,986)	7,031	363,922
FUND BALANCE					
Fund Balance - Beginning of Year	4,749,886	4,571,758	4,127,121	3,725,135	3,732,166
Residual Equity Transfer	-	-	-	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 4,571,758	$ 4,127,121	$ 3,725,135	$ 3,732,166	$ 4,096,088

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:	2014 Adopted Budget	2015 Adopted Budget	2016 Adopted Budget	2017 Adopted Budget	2018 Adopted Budget
REVENUES					
Real Property Taxes	$ 3,251,339	$ 3,381,897	$ 3,963,343	$ 3,980,319	$ 4,202,892
Real Property Tax Items	161,600	175,000	207,414	213,000	202,600
Non-Property Tax Items	4,586,000	4,556,000	4,690,000	4,850,500	5,012,257
Departmental Income	190,900	200,925	193,785	214,260	231,870
Intergovernmental Charges	724,906	419,311	189,150	196,617	222,650
Use of Money & Property	35,000	18,000	22,800	27,800	21,800
Licenses and Permits	52,890	58,890	84,540	64,540	79,040
Fines and Forfeitures	121,000	105,000	111,000	104,000	103,700
Sale of Property and Compensation for Loss	20,000	10,000	37,048	73,500	85,000
Miscellaneous	14,000	116,577	14,000	18,937	18,500
Interfund Revenues	127,000	187,161	-	-	-
Revenues from State Sources	1,853,877	1,854,381	1,903,352	1,900,797	1,900,052
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	$ 11,138,512	$ 11,083,142	$ 11,416,432	$ 11,644,270	$ 12,080,361
Total Revenues & Other Sources	11,138,512	11,083,142	11,416,432	11,644,270	12,080,361
EXPENDITURES					
General Government Support	$ 1,195,769	$ 1,230,661	$ 1,254,865	$ 1,195,051	$ 1,139,062
Education	-	-	-	-	-
Public Safety	3,965,912	4,031,795	4,178,946	4,091,630	4,349,780
Health	39,389	31,327	47,748	13,855	69,177
Transportation	1,506,995	1,259,355	1,228,854	1,097,691	1,306,239
Economic Assistance and Opportunity	-	-	-	750	1,000
Culture and Recreation	455,081	414,645	416,075	423,441	495,434
Home and Community Services	286,266	297,096	350,510	468,002	226,679
Employee Benefits	3,857,474	4,493,557	4,042,339	4,277,255	4,264,810
Debt Service	432,000	432,693	524,468	545,788	478,006
Total Expenditures	$ 11,738,886	$ 12,191,129	$ 12,043,805	$ 12,113,463	$ 12,330,187
Excess of Revenues Over (Under) Expenditures	(600,374)	(1,107,987)	(627,373)	(469,193)	(249,826)
Other Financing Sources (Uses):					
Operating Transfers In	-	-	178,533	144,709	119,957
Operating Transfers Out	-	(137,515)	(7,810)	(41,333)	(83,400)
Total Other Financing	-	(137,515)	170,723	103,376	36,557
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(600,374)	(1,245,502)	(456,650)	(365,817)	(213,269)
FUND BALANCE					
Fund Balance - Beginning of Year	600,374	1,245,502	456,650	365,817	213,269
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -

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

CHANGES IN FUND EQUITY

Fiscal Year Ending December 31:	2013	2014	2015	2016	2017
WATER FUND					
Fund Equity - Beginning of Year	$ 1,946,073	$ 2,567,826	$ 2,253,825	$ 2,816,326	$ 3,306,856 [1]
Prior Period Adjustments (net)	255,572	(1)	3	-	(156,131)
Revenues & Other Sources	2,968,964	3,302,548	3,368,498	3,491,086	3,332,282
Expenditures & Other Uses	2,602,783	3,616,548	2,806,000	2,883,205	3,058,800
Fund Equity - End of Year	2,567,826	2,253,825	2,816,326	3,424,207	3,424,207
SEWER FUND					
Fund Equity - Beginning of Year	$ 1,904,310	$ 2,051,977	$ 2,643,258	$ 2,742,333	$ 2,087,085
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	3,158,310	3,072,249	2,239,388	2,429,815	2,181,495
Expenditures & Other Uses	3,010,643	2,480,968	2,140,313	3,085,063	2,817,420
Fund Equity - End of Year	2,051,977	2,643,258	2,742,333	2,087,085	1,451,160

[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 this Issue Principal	Interest	Total	Principal of this Issue	Total Principal All Issues
2018	$ 1,064,134	$ 165,948.50	$ 1,230,082.50	$ -	$ 1,064,134
2019	1,074,134	137,233.50	1,211,367.50	286,280	1,360,414
2020	824,134	115,662.50	939,796.50	280,000	1,104,134
2021	814,134	101,587.50	915,721.50	285,000	1,099,134
2022	829,134	87,637.50	916,771.50	245,000	1,074,134
2023	849,134	72,037.50	921,171.50	245,000	1,094,134
2024	604,134	55,837.50	659,971.50	205,000	809,134
2025	609,134	49,537.50	658,671.50	205,000	814,134
2026	619,134	40,987.50	660,121.50	205,000	824,134
2027	604,134	32,050.00	636,184.00	205,000	809,134
2028	614,134	23,275.00	637,409.00	205,000	819,134
2029	619,134	13,975.00	633,109.00	195,000	814,134
2030	384,135	4,412.50	388,547.50	185,000	569,135
2031	349,135	1,800.00	350,935.00	185,000	534,135
2032	289,135	-	289,135.00	185,000	474,135
2033	289,135	-	289,135.00	100,000	389,135
2034	289,135	-	289,135.00	55,000	344,135
2035	289,135	-	289,135.00	55,000	344,135
2036	289,135	-	289,135.00	65,000	354,135
2037	289,135	-	289,135.00	65,000	354,135
2038	289,135	-	289,135.00	70,000	359,135
2039	289,135	-	289,135.00	70,000	359,135
2040	-	-	-	70,000	70,000
2041	-	-	-	65000	65,000
2042	-	-	-	65000	65,000
TOTALS	$ 12,170,958	$ 901,982.00	$ 13,072,940.00	$ 3,796,280	$ 15,767,238

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2009 Sewer Project Principal	2009 Sewer Project Interest	2009 Sewer Project Total	2011 Water Project Principal	2011 Water Project Interest	2011 Water Project Total	2011 Various Projects Principal	2011 Various Projects Interest	2011 Various Projects Total
2018	$ 289,134	$ -	$ 289,134.00	$ 265,000	$ 23,936.00	$ 288,936.00	$ 210,000	$ 49,875.00	$ 259,875.00
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	$ 6,360,958	$ -	$ 6,360,958.00	$ 535,000	$ 31,982.00	$ 566,982.00	$ 1,370,000	$ 185,700.00	$ 1,555,700.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2015 Fishing Creek & Municipal Roof Principal	Interest	Total	2016 Various Purposes Principal	Interest	Total
2018	$ 185,000	$ 61,450.00	$ 246,450.00	$ 115,000	$ 30,687.50	$ 145,687.50
2019	185,000	57,750.00	242,750.00	115,000	28,387.50	143,387.50
2020	190,000	54,050.00	244,050.00	120,000	26,087.50	146,087.50
2021	195,000	50,250.00	245,250.00	100,000	23,687.50	123,687.50
2022	200,000	46,350.00	246,350.00	100,000	21,687.50	121,687.50
2023	205,000	42,350.00	247,350.00	105,000	19,687.50	124,687.50
2024	210,000	38,250.00	248,250.00	105,000	17,587.50	122,587.50
2025	215,000	34,050.00	249,050.00	105,000	15,487.50	120,487.50
2026	220,000	27,600.00	247,600.00	110,000	13,387.50	123,387.50
2027	225,000	21,000.00	246,000.00	90,000	11,050.00	101,050.00
2028	235,000	14,250.00	249,250.00	90,000	9,025.00	99,025.00
2029	240,000	7,200.00	247,200.00	90,000	6,775.00	96,775.00
2030	-	-	-	95,000	4,412.50	99,412.50
2031	-	-	-	60,000	1,800.00	61,800.00
TOTALS	$ 2,505,000	$ 454,550.00	$ 2,959,550.00	$ 1,400,000	$ 229,750.00	$ 1,629,750.00

APPENDIX – C

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 25, 2018 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" 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, 2018, 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, 2018; 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.

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 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.

For the purposes of the event identified in (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 obligated person, 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 obligated person.

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 aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The City reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material 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.

APPENDIX – D

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

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.

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 aforedescribed 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 at closing.

CITY OF ONEIDA

MADISON COUNTY, NEW YORK

GENERAL PURPOSE FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

December 31, 2017

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

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 25, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listen 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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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
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, 2017, 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, 2017, 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 - Correction of Error
As described in Note 1 to the financial statements, the prior year financial statements of the City were not properly presented as a result of an error in the water fund and governmental activities opinion units. These errors, since material, were necessary to fairly present the City's financial statements as of and for the year ended December 31, 2017 by decreasing the beginning water fund, fund balance by $117,318, decreasing the beginning community development fund, fund balance and beginning net position by $4,558,809.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 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 combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are 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 June 25, 2018, 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)
Required Supplementary Information
December 31, 2017

The City of Oneida's management discussion and analysis provides an overview of the City's activities for the fiscal year ended December 31, 2017. 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 $16,836,340.
The General Fund's fund balance increased 9.75% to a total balance of $4,096,088.
The Water Fund's fund balance increased 4.56% to a total balance of $3,580,338.
The Sewer Fund's fund balance decreased 30.5% to a total balance of $1,451,160.

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.

<u>The Statement of Net Position</u>
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.

<u>The Statement of Activities</u>
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.

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, an 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, and Capital funds, is considered to be a major fund and is presented separately in the fund financial statement. Miscellaneous Special Revenue and Sewer are combined as Non-Major Governmental Funds on the fund financial statement and presented separately in the supplementary information.

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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's total Net Position decreased $3,212,661 between fiscal year 2017 and 2016. A summary of the City's Statement of Net Position at December 31,2017 and 2016 is as follows:

Management's Discussion and Analysis
(Unaudited)
(Continued)

	2017	Restated 2016	Increase (Decrease)	% Change
Current and Other Assets	$ 15,930,458	$ 13,267,969		
Capital Assets, (Net of Accumulated Depreciation)	38,382,686	38,948,950		
Total Assets	54,313,144	52,216,919	$ 2,096,225	3.9%
Deferred Outflows of Resources-Pensions	3,396,442	6,170,685		
Total Assets and Deferred Outflows of Resources	$ 57,709,586	$ 58,387,604	$ (678,018)	-1.2%
Non-Current Liabilities	$ 31,680,980	$ 17,919,353		
Bond Anticipation Note Payable	3,628,433	12,170,958		
Pension Liability-Proportionate Share	3,241,817	4,994,627		
other Liabilities	1,497,208	2,344,717		
Total liabilities	40,048,438	37,429,655	$ 2,618,783	6.5%
Deferred Inflows of Resources-Pensions	824,808	908,949		
Net Position				
Net investment in Capital Assets	26,211,728	25,660,371		
Restricted	6,136,054	1,354,379		
Unrestricted (Deficit)	(15,511,442)	(6,965,749)		
Total Net Position	16,836,340	20,049,001	$ (3,212,661)	-19.1%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 57,709,586	$ 58,387,605	$ (678,019)	-1.2%

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, 2017 is $15,511,442 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.

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, 2017 and 2016 is as follows:

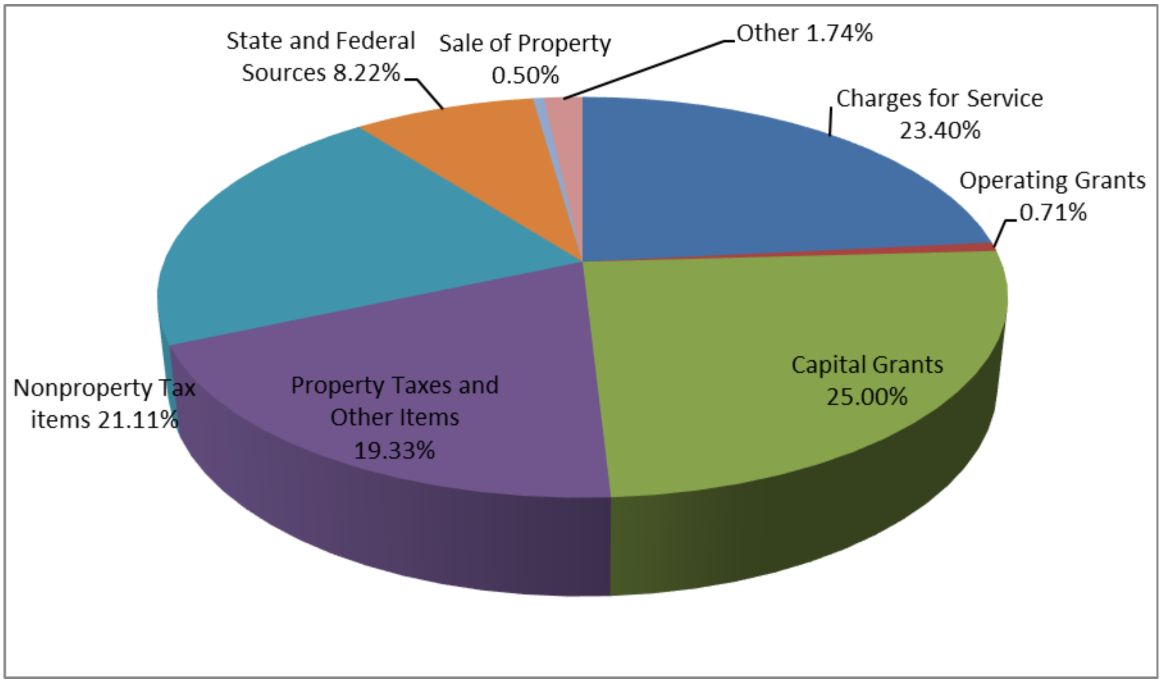
Management's Discussion and Analysis (Unaudited)
(Continued)

	2017	2016	Increase (Decrease)	% Change
Revenues				
Program Revenues				
Charges for Service	$ 5,623,037	$ 5,751,316	$ (128,279)	-2.3%
Operating Grants	170,499	216,667	(46,168)	-27.1%
Capital Grants	6,007,478	2,805,832	3,201,646	53.3%
General Revenues			-	
Property Taxes and Other Items	4,644,992	4,209,726	435,266	9.4%
Nonproperty Tax items	5,071,603	4,671,891	399,712	7.9%
State and Federal Sources	1,974,446	2,032,737	(58,291)	-3.0%
Sale of Property	119,523	27,186	92,337	77.3%
Other	418,737	226,958	191,779	45.8%
Total Revenues	**$ 24,030,315**	**$ 19,942,313**	**$ 4,088,002**	17.0%
Expenses				
General Government Support	$ 1,185,831	$ 1,272,160	$ (86,329)	-7.3%
Public Safety	4,417,644	7,585,279	(3,167,635)	-71.7%
Public Health	5,806	32,094	(26,288)	-452.8%
Transportation	1,990,737	2,399,630	(408,893)	-20.5%
Economic Assistance and Opportunity	750	1,500	(750)	-100.0%
Home and Community Services	11,447,903	8,732,632	2,715,271	23.7%
Culture & Recreation	507,310	646,071	(138,761)	-27.4%
Employee Benefits	7,512,241	-	7,512,241	
Interest on long-term debt	174,754	168,355	6,399	3.7%
Total Expenses	**$ 27,242,976**	**$ 20,837,721**	**$ 6,405,255**	23.5%
Change in Net Position	**$ (3,212,661)**	**$ (895,408)**	**$ (2,317,253)**	

Management's Discussion and Analysis (Unaudited)
(Continued)

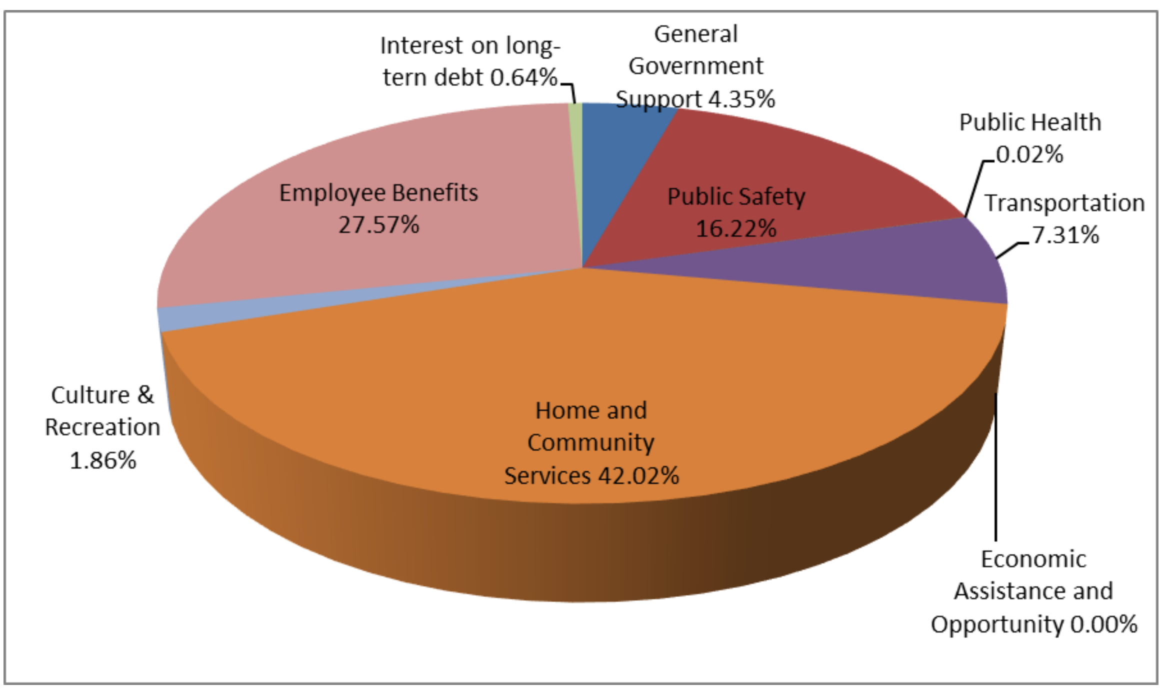
A graphic display of the distribution of revenues is as follows:

For Year Ended December 31, 2017



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

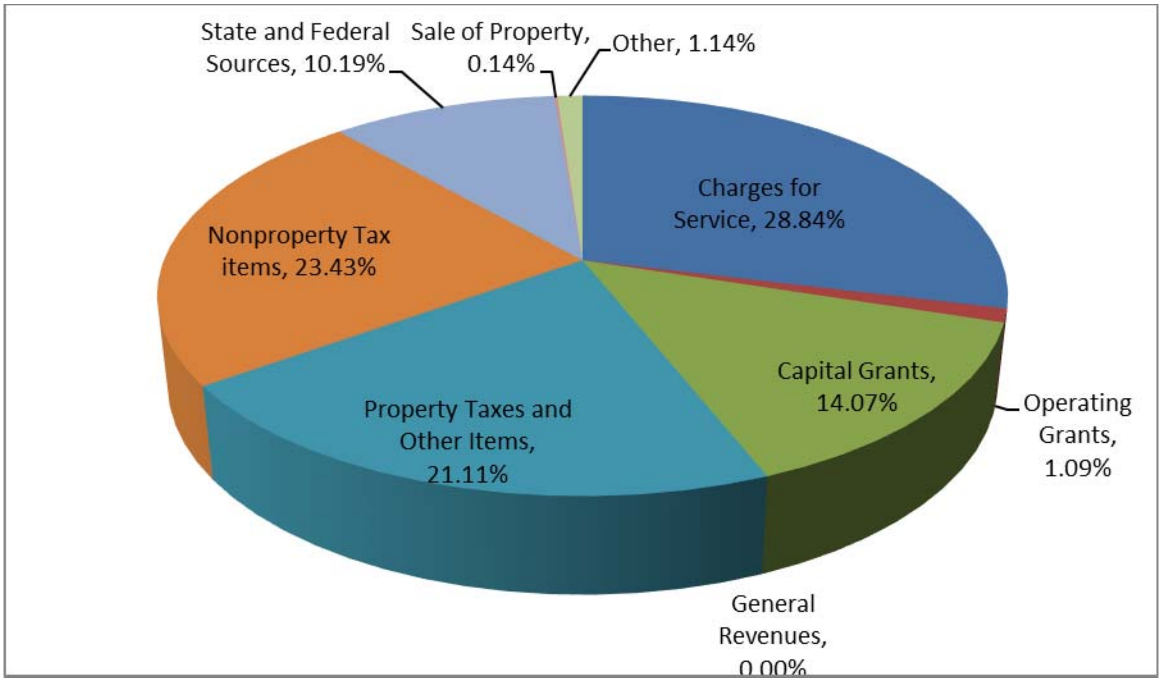
For year ending December 31, 2017



Management's Discussion and Analysis (Unaudited)
(Continued)

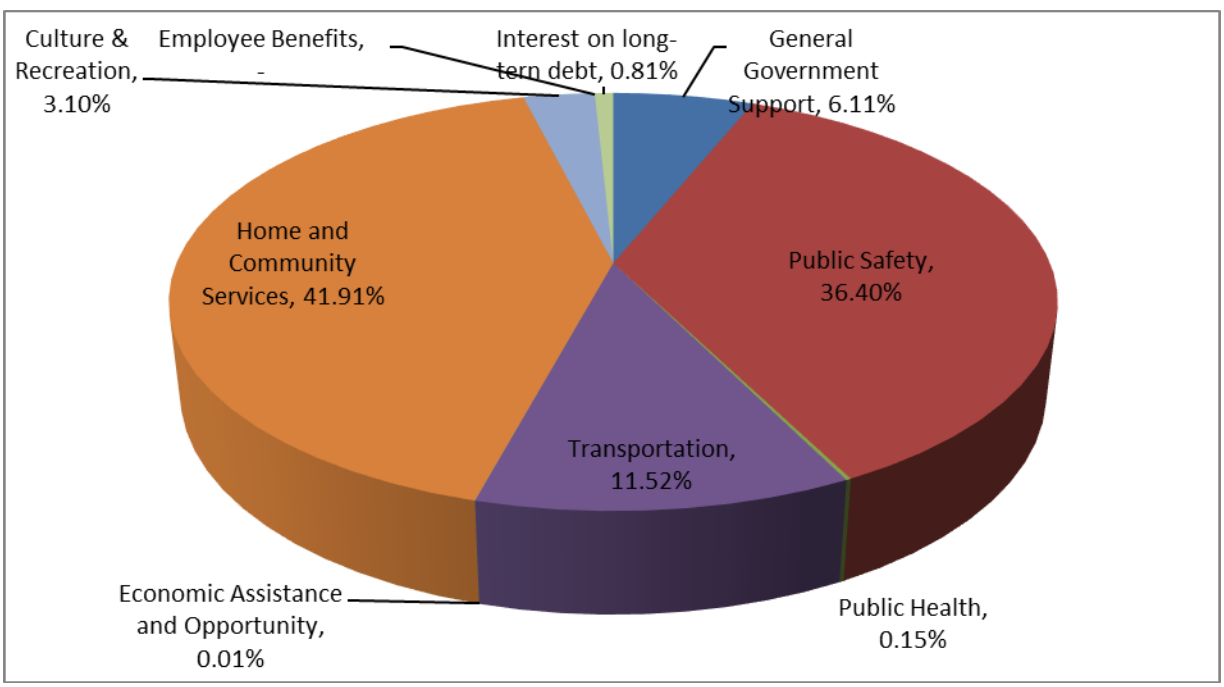
A graphic display of the distribution of revenues is as follows:

For Year Ended December 31, 2016



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

For year ending December 31, 2016



Management's Discussion and Analysis (Unaudited)
(Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUND BALANCE

At December 31, 2017, the city's governmental funds reported a combined fund balance of $9,292,028. This was a decrease of $1,699,629 primarily due to the increase in expenses in the Capital and Sewer Funds.

	2017	Restated 2016	Increase (Decrease)
General Fund			
Nonspendable	$ 534,193	$ 505,839	$ 28,354
Assigned	111,432	172,417	(60,985)
Unassigned	3,450,463	3,053,910	396,553
	4,096,088	**3,732,166**	**363,922**
Community Development Fund			
Nonspendable	-	112,329	(112,329)
Restricted	2,142,415	-	2,142,415
Assigned	-	716,964	(716,964)
Unassigned	(1,390,388)	-	(1,390,388)
	752,027	**829,293**	**(77,266)**
Water Fund			
Nonspendable	163,442	161,443	1,999
Restricted	459,542	356,568	102,974
Assigned	2,957,354	2,788,845	168,509
	3,580,338	**3,306,856**	**273,482**
Capital Fund			
Restricted	3,534,097	990,764	2,543,333
Unassigned	(4,165,346)	-	(4,165,346)
	(631,249)	**990,764**	**(1,622,013)**
Sewer Fund			
Nonspendable	32,515	33,177	(662)

Assigned	1,418,645	2,053,908	(635,263)
	1,451,160	**2,087,085**	**(635,925)**
Miscellaneous Special Revenue Fund			
Assigned	43,664	45,493	(1,829)
	43,664	**45,493**	**(1,829)**
Total Fund Balance	**$ 9,292,028**	**$ 10,991,657**	**$ (1,699,629)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's adopted budget for the year ended December 31, 2017, for the General Fund totaled $12,154,796. With revenues coming in higher than anticipated and expenses coming lower than budgeted, the ending result is a surplus of $363,921 to the General Fund.

2017 General Fund Balance Budget

	Original 2017	Modified 2017	Actual 2017	Variance Positive (Negative)
Total Beginning Fund Balance	**$ 3,732,166**	**$ 3,732,166**	**$ 3,732,166**	
Estimated Revenues				
Property Tax Levy	$ 3,978,319	$ 3,980,319	$ 3,886,547	$ (93,772)
Other Property Tax Items	215,000	213,000	258,359	45,359
Non Property Tax Items	4,853,000	4,850,500	4,885,766	35,266
Departmental	211,760	214,260	185,494	(28,766)
Intergovernmental Charges	22,650	22,650	22,626	(24)
Tribal Compact Money	173,967	173,967	185,837	11,870
Use of Money & Property	27,800	27,800	12,431	(15,369)
Licenses and Permits	64,540	64,540	279,954	215,414
Fines and Forfeitures	104,000	104,000	100,346	(3,654)
Sale of Property & Compensation for Loss	73,500	94,388	119,522	25,134

Miscellaneous	18,937	18,937	-	(18,937)
State Aid	1,900,797	1,902,097	2,028,436	126,339
Transfer from Other Funds	144,709	144,709	134,709	(10,000)
Total Estimated Revenues	**$ 11,788,979**	**$ 11,811,167**	**$ 12,100,027**	**$ 288,860**
Estimated Expenditures				
General Govt Support	$ 1,195,051	$ 1,240,194	$ 1,178,569	$ (61,625)
Public Safety	4,091,630	4,199,169	4,184,325	(14,844)
Public Health	13,855	10,365	5,806	(4,559)
Transportation	1,097,691	1,158,828	1,071,352	(87,476)
Economic Assistance & Opportunity	750	750	750	-
Culture and Recreation	423,441	442,234	404,231	(38,003)
Home and Community Services	468,002	468,002	427,639	(40,363)
Employee Benefits	4,277,255	4,277,255	4,083,804	(193,451)
Debt Service-Principle	437,208	437,208	437,208	-
Debt Service-Interest	108,580	108,580	108,577	(3)
Transfer to Other Funds	(41,333)	(41,333)	(166,154)	(207,487)
Total Estimated Expenditures	**$ 12,072,130**	**$ 12,301,252**	**$ 11,736,107**	**$ (647,811)**
Net Change in Fund Balance	**$ (283,151)**	**$ (490,085)**	**$ 363,920**	

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's total depreciation expense is $2,510,527 however with the addition of numerous capital projects and construction in progress increased, the total net capital assets with the year ending in a net decrease of $566,264.

Management's Discussion and Analysis (Unaudited)
(Continued)

	2017	Restated 2016	Increase (Decrease)
Nondepreciable			
Land	$ 2,726,402	$ 2,997,802	$ (271,400)
Construction in Progress	2,536,451	1,043,922	1,492,529
	5,262,853	**4,041,724**	**1,221,129**
Depreciable			
Buildings	44,450,048	44,192,229	257,819
Infrastructure	40,048,084	40,031,461	16,623
Improvements	3,960,691	3,960,691	-
Equipment	9,221,432	8,772,740	448,692
	97,680,255	**96,957,121**	**723,134**
Total Capital Assets	**$ 102,943,108**	**$ 100,998,845**	**$ 1,944,263**
Accumulated Depreciation			
Buildings	$ 25,490,008	$ 24,206,102	$ 1,283,906
Infrastructure	31,017,658	30,540,899	476,759
Improvements	1,729,419	1,563,287	166,132
Equipment	6,323,337	5,739,607	583,730
	64,560,422	**62,049,895**	**2,510,527**
Total Net Capital Assets	**$ 38,382,686**	**$ 38,948,950**	**$ (566,264)**

Debt administration

Short Term Debt

The City issued a Bond Anticipation Note of $3,628,433 in October 2017 with an interest rate of 1.18% for various capital projects. 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.

Long Term Debt

The City total long term debt for the General, Water and Sewer Funds totals $13,234,795. Principal payments for 2017 equal $1,063,837 and interest payments equal $172,585 for total debt service payments of $1,236,422 in 2017. The outstanding Serial Bonds are listed in the debt service schedule below.

Management's Discussion and Analysis (Unaudited)
(Continued)

Debt Service Schedule-Long and Short Term Debt Service

	Year of Maturity	2017 Beginning Balance	Principal Payment	Interest Payment	2017 Year End Balance
General Fund					
2011 108-114 Main Street City Court Bldg	2023	$265,080	$33,770	$9,434	$231,310
2011 Asbestos Abatement	2023	28,270	3,600	1,007	24,670
2011 Asbestos Abatement 456 Elizabeth St	2023	164,930	21,010	5,870	143,920
2011 Demolition of Building	2023	30,650	3,900	1,091	26,750
2011 Dump Truck	2023	26,520	3,380	944	23,140
2011 Fire Department Addition	2023	290,330	36,990	10,333	253,340
2011 Fire Truck	2023	259,200	33,020	9,225	226,180
2011 Oneida Justice Center	2023	321,810	40,990	11,453	280,820
2011 Reconstruction of West Sands St	2023	66,260	8,440	2,359	57,820
2011 Salt Shed	2023	58,630	7,470	2,087	51,160
2011 Sidewalk Plow	2023	58,320	7,430	2,076	50,890
2015 Municipal Roof Project	2029	600,000	40,000	14,550	560,000
2016 Armory Boiler	2026	61,361	6,361	1,360	55,000
2016 Debris Cleanup	2020	125,000	40,000	3,291	85,000
2016 Fire Engine	2031	748,907	44,907	17,702	704,000
2016 Kallet Chiller	2026	188,233	18,233	4,143	170,000
2016 Plow truck	2030	231,404	14,404	5,327	217,000
2016 Rescue Truck	2030	179,798	10,798	4,155	169,000
Serial Bond Payment		**$3,704,703**	**$374,703**	**$106,407**	**$3,330,000**
2017 City Hall Lateral Support Wall Repair	2042	199,000	-	-	199,000
2017 DPW Fleet Replacement	2032	393,145	-	-	393,145
2017 City Hall Security Upgrades	2027	203,988	-	-	203,988

2017 Fire Ladder Truck Rehab	2032	450,000	-	-	450,000
Bond Anticipation Note Payments		**$1,246,133**	**-**	**-**	**$1,246,133**
Total General Fund 2017 Debt Service Expenditure					**$481,110**
Water Fund					
2011 Water Storage	2019	$795,000	$260,000	$15,678	$535,000
2015 Fish Creek	2029	2,085,000	140,000	50,500	1,945,000
Serial Bond Payment		**$2,880,000**	**$400,000**	**$66,178**	**$2,480,000**
Total Water Fund 2017 Debt Service Expenditure					**$466,178**
Sewer Fund					
2009 WWTP Clean Water EFC	2039	$6,650,092	$289,134	-	$6,360,958
Serial Bond Payment		**$6,650,092**	**$289,134**	**-**	**$6,360,958**
2017 WWTP Aeration Improvements	2042	1,520,000	-	-	1,520,000
2017 WWTP Flood Mitigation	2042	624,000	-	-	624,000
2017 WWTP Fleet Replacement	2032	238,300	-	-	238,300
Bond Anticipation Note Payments		**$2,382,300**	**-**	**-**	**$2,382,300**
Total Sewer Fund 2017 Debt Service Expenditure					**$289,134**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2018 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 (38.4%) and property tax (33.8%) with a 5% property tax increase in the 2018 budget. Although the City did allow funds for sidewalk and pavement maintenance, employee benefits still come in the highest expense totaling 34.36% 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:

Bargaining Unit	Number of Members	Contract Expiration Date
Civil Service Employees' Association	57	December 31, 2020
Oneida Paid Firefighters' Association	24	December 31, 2018
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.

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 $400,000 in grant funds from the City's and County's Revolving Loan Funds. 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.

The Oneida Rail Trail

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

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

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

Trails can create spin-off businesses such as bike shops, bed and breakfasts, and ice cream shops. Trails Enhance Quality of Life, and is a desired asset. Many studies demonstrate that parks, greenways and trails increase nearby property values, thus increasing local tax revenues. Quality of Life is a crucial factor in recruiting and keeping good employees. Community trails provide an easy access point for daily exercise.

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

As the ORT Committee reflects on the past year, we look forward to 2018 as we work to begin 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.

FEMA Funding for Buyout

The City of Oneida has received funding from FEMA/New York State Division of Homeland Security and Emergency Services in the amount of $21,193,909. The scope of work will be acquisition of property, demolition and removal of all about ground structures, disposal of demolition debris at a licensed disposal facility, site restoration, deed restriction of the property, and professional services associated with the project. The project began mid-2016 and will continue through 2018 with an estimated completion of fall 2018.

FEMA Funding for Flood Mitigation

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

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

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CITY OF ONEIDA, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 6,058,573
Cash and cash equivalents, restricted	6,236,942
Tax sale certificates	1,552,543
Property acquired for taxes	184,696
Assessments receivable	7,602
Accounts receivable	260,751
Loans receivable	217,999
Due from other governments	1,206,062
Prepaid expenses	205,290
Noncurrent assets:	
Capital assets, net of accumulated depreciation	38,382,686
Total assets	54,313,144
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension related	3,396,442
LIABILITIES	
Accounts payable	792,428
Accrued liabilities	114,766
Accrued interest	12,020
Due to other governments	244,906
Unearned grant revenue	333,088
Bond anticipation note payable	3,628,433
Long term obligations:	
Net Pensions Liability	3,241,817
Due within one year	1,064,134
Due in more than one year	30,616,846
Total liabilities	40,048,438
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	824,808
NET POSITION	
Net investment in capital assets	26,211,728
Restricted	6,136,054
Unrestricted	(15,511,442)
Total net position	$ 16,836,340

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government support	$ 1,185,831	$ 78,343	$ -	$ -	$ (1,107,488)
Public safety	4,417,644	58,979	1,300	15,145	(4,342,220)
Public health	5,806	-	-	-	(5,806)
Transportation	1,990,737	-	-	399,417	(1,591,320)
Economic assistance and opportunity	750	-	-	-	(750)
Home and community services	11,447,903	5,405,526	169,199	5,592,916	(280,262)
Culture and recreation	507,310	80,189	-	-	(427,121)
Employee benefits	7,512,241	-	-	-	(7,512,241)
Interest on long-term debt	174,754	-	-	-	(174,754)
Total governmental activities	$ 27,242,976	$ 5,623,037	$ 170,499	$ 6,007,478	(15,441,962)
General revenues:					
Real property taxes					4,385,051
Other real property tax items					259,941
Non-property taxes					4,885,766
Tribal Compact moneys					185,837
General State aid					1,974,446
Use of money and property					25,450
Sale and compensation of property					119,523
Licenses and permits					380,500
Miscellaneous					12,787
Total general revenues					12,229,301
Change in net position					(3,212,661)
Net position - beginning of year, as previously reported					24,607,810
Cumulative effect of prior period adjustment (Note 1)					(4,558,809)
Net position - beginning of year, as restated					20,049,001
Change in net position					(3,212,661)
Net position - end of year					$ 16,836,340

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Governmental				Total	
	General Fund	Community Development Fund	Water Fund	Capital Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Unrestricted cash & cash equivalents	$ 1,707,933	$ -	$ 2,842,963	$ -	$ 1,507,677	$ 6,058,573
Restricted cash	-	2,142,415	459,542	3,634,985	-	6,236,942
Tax sale certificates	1,552,543	-	-	-	-	1,552,543
Property acquired for taxes	184,696	-	-	-	-	184,696
Assessments receivable	7,602	-	-	-	-	7,602
Accounts receivable	11,823	-	163,859	-	85,069	260,751
Loans receivable	-	217,999	-	-	-	217,999
Due from other funds	1,957,272	150,240	123	-	1,797	2,109,432
Due from other governments	499,591	344,599	-	361,872	-	1,206,062
Prepaid expenditures	349,497	-	163,442	-	32,515	545,454
Total assets	$ 6,270,957	$ 2,855,253	$ 3,629,929	$ 3,996,857	$ 1,627,058	$ 18,380,054
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 53,474	$ 234,987	$ 8,638	$ 439,593	$ 55,736	$ 792,428
Accrued liabilities	78,189	-	26,752	-	9,825	114,766
Due to other funds	-	1,650,240	-	459,192	-	2,109,432
Unearned grant revenue	-	217,999	14,201	100,888	-	333,088
BAN payable	-	-	-	3,628,433	-	3,628,433
Due to other governments	178,233	-	-	-	66,673	244,906
Total liabilities	309,896	2,103,226	49,591	4,628,106	132,234	7,223,053
Deferred Inflows of Resources:						
Unavailable revenue - real property taxes	1,864,973	-	-	-	-	1,864,973
Fund balances:						
Nonspendable	534,193	-	163,442	-	32,515	730,150
Restricted	-	2,142,415	459,542	3,534,097	-	6,136,054
Assigned	111,432	-	2,957,354	-	1,462,309	4,531,095
Unassigned	3,450,463	(1,390,388)	-	(4,165,346)	-	(2,105,271)
Total fund balances	4,096,088	752,027	3,580,338	(631,249)	1,494,824	9,292,028
Total liabilities, deferred inflows of resources and fund balances	$ 6,270,957	$ 2,855,253	$ 3,629,929	$ 3,996,857	$ 1,627,058	$ 18,380,054

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, 2017

Total fund balance - governmental funds		$ 9,292,028
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	$ 102,943,108	
Accumulated depreciation	(64,560,422)	
		38,382,686
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.		1,864,973
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	$ 3,396,442	
Deferred inflows - relating to pensions	(824,808)	
		2,571,634
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)
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	$ (12,170,958)	
Accrued interest	(12,020)	
Compensated absences	(2,379,007)	
Net pension liability	(3,241,817)	
Other postemployment benefits	(17,131,015)	
		(34,934,817)
Net position of governmental activities		$ 16,836,340

CITY OF ONEIDA, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental				Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Community Development Fund	Water Fund	Capital Fund		
REVENUES:						
Real property taxes	$ 3,884,964	$ -	$ -	$ -	$ 36,515	$ 3,921,479
Other real property tax items	259,941	-	-	-	-	259,941
Non-property taxes	4,890,066	-	-	-	-	4,890,066
Departmental income	181,194	600	3,225,467	-	2,186,926	5,594,187
Intergovernmental charges	22,626	-	-	-	-	22,626
Tribal compact moneys	185,837	-	-	-	-	185,837
Use of money and property	12,431	4,306	7,485	-	3,878	28,100
Licenses and permits	279,954	-	-	-	200	280,154
Fines and forfeitures	100,346	-	-	-	-	100,346
Sale of property and compensation for loss	119,523	-	-	-	-	119,523
Miscellaneous	-	-	-	12,077	-	12,077
State aid	2,026,221	-	-	361,857	-	2,388,078
Federal aid	2,215	5,012,985	-	749,130	-	5,764,330
Total revenues	11,965,318	5,017,891	3,232,952	1,123,064	2,227,519	23,566,744
EXPENDITURES:						
General government support	1,178,564	-	-	-	-	1,178,564
Public safety	4,184,327	-	-	12,928	-	4,197,255
Public health	5,806	-	-	-	-	5,806
Transportation	1,071,350	-	-	746,339	-	1,817,689
Economic assistance and opportunity	750	-	-	-	-	750
Home and community services	427,640	5,095,157	1,843,669	2,355,405	1,606,986	11,328,857
Culture and recreation	404,233	-	-	47,843	-	452,076
Employee benefits	4,083,804	-	557,070	-	343,406	4,984,280
Debt Service - principal	437,208	-	400,000	-	289,134	1,126,342
Debt Service - interest	108,577	-	66,177	-	-	174,754
Total expenditures	11,902,259	5,095,157	2,866,916	3,162,515	2,239,526	25,266,373
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	63,059	(77,266)	366,036	(2,039,451)	(12,007)	(1,699,629)
OTHER FINANCING SOURCES (USES):						
Interfund transfers in	300,863	-	99,330	586,838	-	987,031
Interfund transfers out	-	-	(191,884)	(169,400)	(625,747)	(987,031)
Total other financing sources (uses) - net	300,863	-	(92,554)	417,438	(625,747)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	363,922	(77,266)	273,482	(1,622,013)	(637,754)	(1,699,629)
FUND BALANCES AT BEGINNING OF YEAR, as restated (Note 1)	3,732,166	829,293	3,306,856	990,764	2,132,578	10,991,657
FUND BALANCES AT END OF YEAR	$ 4,096,088	$ 752,027	$ 3,580,338	$ (631,249)	$ 1,494,824	$ 9,292,028

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 BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES DECEMBER 31, 2017

Net changes in fund balances - total governmental funds	$ (1,699,629)
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.	(329,941)
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 depreciation expense exceeded capital outlays in the funds in the current period.	(566,264)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	463,572
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.	1,117,622
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.	1,752,810
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 by which the change in deferred outflows exceeded the change in deferred inflows.	(2,690,104)
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 long-term financing and compensated absences obligations changed during the year.	(1,260,727)
Change in net position of governmental activities	$ (3,212,661)

The accompanying notes are an integral part of these statements.

CITY OF ONEIDA, NEW YORK

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Expendable Trust	Agency
ASSETS:		
Restricted cash	$ -	$ 8,818
Other assets	$ -	8,677
Total assets	-	17,495
LIABILITIES:		
Accounts payable	-	17,495
Total liabilities	-	$ 17,495
NET POSITION:		
Held in trust	$ -	

STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expendable Trust
ADDITIONS:	
Donations	$ 2,030
Total additions	2,030
DEDUCTIONS:	
Historic downtown preservation	$ 2,030.00
Total deductions	2,030
Change in net position	-
Total net position - beginning of year	-
Total net position - end of year	$ -

The accompanying notes are an integral part of these 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. Based on the application of these criteria, the City has determined there are no other organizations that meet criteria for inclusion in the reporting entity of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

Excluded from the Reporting Entity:

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

Oneida Hospital – On November 22, 1995, the City with the approval of the Public Health Council of the State of New York, executed documents which, effective January 1, 1996, transferred the assets, liabilities and the operations of Oneida City Hospital to Oneida Health Systems, Inc., a private, not-for-profit hospital organized under Section 501(c)(3) of the Internal Revenue Code. Effective with the transfer, the City's ownership of the Hospital terminated. The net assets at the time of transfer were converted into a residual receipts note and amortized over a period of 20 years concluding in 2016. The principal and interest on the note was forgiven annually contingent upon the Hospital's continued service to the residents of the City. In effect, The City assumed the position of creditor rather than owner of the Hospital

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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.
- Capital fund – See above for description.

Non-Major Fund

- Miscellaneous Special Revenue fund – See above for description.
- Sewer Fund – See above for description.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting (Continued)

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.

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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Budgets and Budgetary Accounting (Continued)

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.

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 further 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. Therefore, no allowance for doubtful accounts has been established for these funds.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments to vendors for costs associated with future accounting periods are recorded as prepaid assets in the 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
Infastructure	40 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 rale 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications (Continued)

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 fun 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, 2017.

- 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 $111,432. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Revenues and Expenses/Expenditures (Continued)

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Prior Period Adjustments

Correction of Error - Governmental Activities

Net position as of January 1, 2017 has been restated to reflect a correction of an error. As of December 31, 2016, the City's financial statements erroneously understated the costs basis of capital assets by $637,801 and an understatement of accumulated depreciation of $4,861,293, as well as an overstatement of the governmental funds fund balance of $117,318 and $217,999, as described below, for a net overstatement of net position of $4,558,809. As a result, net position as of January 1, 2017 has been adjusted to reflect the following:

		Statement of Net Position	
	Governmental Funds – Fund Balance	Capital Assets	Net Position
Net position previously reported, December 31, 2016	$ 11,326,974	$ 43,172,442	$ 24,607,810
Restatement of beginning water fund - fund balance	(117,318)	-	(117,318)
Restatement of beginning community development - fund balance	(217,999)	-	(217,999)
Restatement of beginning balance – Capital assets	-	637,801	637,801
Restatement of beginning balance – Accumulated depreciation	-	(4,861,293)	(4,861,293)
Net position restated at, January 1, 2017	$ 10,991,657	$ 38,948,950	$ 20,049,001

Water Fund

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. As a result, fund balance as of January 1, 2017 has been adjusted to reflect the following:

Fund Balance Previously Reported December 31, 2016	Effect of Restatement	Fund Balance Restated at January 1, 2017
$ 3,424,174	$ (117,318)	$ 3,306,856

Community Development Fund

Community Development fund balance as of January 1, 2017 has been restated to reflect the correction of an error. As of December 31, 2016, the financial statements erroneously overstated revenue and understated unearned revenue by $217,999. As a result, fund balance as of January 1, 2017 has been adjusted to reflect the following:

Fund Balance Previously Reported December 31, 2016	Effect of Restatement	Fund Balance Restated at January 1, 2017
$ 1,047,292	$ (217,999)	$ 829,293

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, 2017, cash and cash equivalents consisted of demand deposit accounts, time deposit accounts, and savings accounts.

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 Village 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 Village 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.

2. CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

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, 2017:

	Bank Balance	Carrying Amount
Money market accounts	$ 3,318,873	$ 3,318,873
Cash	9,490,595	8,984,610
Total	$ 12,809,468	$ 12,303,483

These deposits were insured or collateralized as follows:

FDIC insurance	$ 750,000
Collateralized by third party	12,059,468
Total	$ 12,809,468

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, 2017:

	Principal	Interest	Total
2018	$ 56,991	$ 5,487	$ 62,478
2019	39,626	2,622	42,248
2020	37,170	1,434	38,604
2021	31,275	444	31,719
Total	$ 165,062	$ 9,987	$ 175,049

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, 2017:

	Principal	Interest	Total
2018	$ 35,971	$ 455	$ 36,426
2019	5,599	144	5,743
2020	5,655	88	5,743
2021	5,712	31	5,743
Total	$ 52,937	$ 718	$ 53,655

4. CAPITAL ASSETS AND DEPRECIATION SCHEDULE

Capital asset activity for the year ended December 31, 2017 for governmental activities was as follows:

	Beginning Balance (As restated)	Increases	Decreases	Ending Balance
Nondepreciable:				
Land	$ 2,997,802	$ 6,000	$ (277,400)	$ 2,726,402
Construction in Progress	1,043,922	1,680,762	(188,233)	2,536,451
Subtotal	4,041,724	1,686,762	(465,633)	5,262,853
Depreciable:				
Buildings	44,192,229	257,819	-	44,450,048
Infrastructure	40,031,461	16,623	-	40,048,084
Improvements	3,960,691	-	-	3,960,691
Equipment	8,772,740	448,692	-	9,221,432
Subtotal	96,957,121	723,134	-	97,680,255
Total capital assets	100,998,845	2,409,896	(465,633)	102,943,108
Accumulated depreciation:				
Buildings	24,206,102	1,283,906	-	25,490,008
Infrastructure	30,540,899	476,759	-	31,017,658
Improvements	1,563,287	166,132	-	1,729,419
Equipment	5,739,607	583,730	-	6,323,337
Total	62,049,895	2,510,527	-	64,560,422
Net capital assets	$ 38,948,950	$ (100,631)	$ (465,633)	$ 38,382,686

Depreciation was charged to governmental activities as follows:

General government support	$ 7,267
Public safety	220,389
Transportation	613,020
Home and community services	1,614,617
Culture and Recreation	55,234
Total depreciation expense	$ 2,510,527

5. SHORT-TERM DEBT

Short-term bond anticipation note payable and activity for the year are summarized below:

Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
10/10/2018	1.180%	$ -	$ 3,628,433	$ -	$ 3,628,433
		$ -	$ 3,628,433	$ -	$ 3,628,433

In October 2017, the City issued a Bond Anticipation Note in the amount of $3,628,433 at 1.180%, maturing in October 2018. 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, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Serial bonds payable	$13,234,795	$ -	$ 1,063,837	$ 12,170,958	$ 1,064,134
Capital lease notes	53,785	-	53,785	-	-
Other postemployment benefits	16,801,074	1,469,548	1,139,607	17,131,015	-
Net pension liability - ERS	1,794,936	-	722,296	1,072,640	-
Net pension liability - PFRS	3,199,691	-	1,030,514	2,169,177	-
Compensated absences	1,118,279	1,260,727	-	2,379,007	-
Long-term liabilities	$36,202,560	$ 2,730,275	$ 4,010,039	$ 34,922,796	$ 1,064,134

As of December 31, 2017, amounts due to service serial bonds payable principal and interest in future years for governmental activities are as follows:

	Principal	Interest	Total
2018	$ 1,064,134	$ 151,926	$ 1,216,060
2019	1,074,134	132,698	1,206,832
2020	824,134	115,663	939,797
2021	814,134	101,588	915,722
2022	829,134	87,638	916,772
2023-2027	3,285,670	250,450	3,536,120
2028-2032	2,255,670	43,461	2,299,131
2033-2037	1,445,670	-	1,445,670
2038-2039	578,278	-	578,278
Total	$ 12,170,958	$ 883,424	$ 13,054,382

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, 2017:

	Amount Receivable	Amount Payable
General Fund	$ 1,957,272	$ -
Community Development Fund	150,240	1,650,240
Water Fund	123	-
Sewer Fund	1,797	-
Capital Fund	-	459,192
Total	$ 2,109,432	$ 2,109,432

Transfers

Interfund transfers for the year ended December 31, 2017, which were routine in nature, were as follows:

	Transfers In	Transfers Out
General Fund	$ 300,863	$ -
Miscellaneous Special Revenue Fund	-	31,069
Water Fund	99,330	191,884
Sewer Fund	-	594,678
Capital Projects	586,838	169,400
Total	$ 987,031	$ 987,031

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.

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

Year	ERS	PFRS
2017	$ 505,200	$ 744,416
2016	$ 557,773	$ 802,885
2015	$ 544,656	$ 752,855

8. RETIREMENT PLAN (Continued)

New York State Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) (Continued)

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

At December 31, 2017, the City reported a net pension liability of $1,072,640 for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2017, 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, 2017, the City's proportion was .0114157%.

At December 31, 2017, the City reported a net pension liability of $2,169,177 for its proportionate share of the NYS PFRS net pension liability. The net pension liability was measured as of March 31, 2017, 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, 2017, the City's proportion was .1046571%.

For the year ended December 31, 2017, the City recognized pension expense of $1,848,319. At December 31, 2017, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	ERS	PFRS
Differences between expected and actual experience	$ 26,879	$ 284,559
Changes of assumptions	366,453	1,068,662
Net difference between projected and actual earnings on pension plan investments	214,250	323,963
Changes in proportion and differences between the City's contributions and proportionate share of contributions	89,609	-
Contributions made subsequent to the measurement date	412,550	609,517
Total	$ 1,109,741	$ 2,286,701

	Deferred Inflows of Resources	
	ERS	PFRS
Differences between expected and actual experience	$ 162,886	$ 374,786
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	17,937	269,199
Total	$ 180,823	$ 643,985

8. RETIREMENT PLAN (Continued)

New York State Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) (Continued)

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

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

	ERS	PFRS
2018	$ 227,243	$ 363,870
2019	227,243	363,870
2020	193,152	339,691
2021	(131,270)	(62,466)
2022	-	28,234
Total	$ 516,368	$ 1,033,199

The County recognized $1,022,067 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Actuarial Assumptions

The total pension liability was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.80% ERS, 4.5% PFRS, indexed by service
Investment rate of return, including inflation	7.00% compounded annually, net of investment expenses
Projected COLAs	1.30% compounded annually
Decrements	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

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.

8. RETIREMENT PLAN (Continued)

New York State Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

Long Term Expected Rate of Return

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.75
Real Estate	10.0	5.80
Absolute Return	2.0	4.00
Opportunistic Portfolio	3.0	5.89
Real Asset	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation Indexed Bonds	4.0	1.50
Total	100.0	

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.

8. RETIREMENT PLANS (Continued)

New York State Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset) – ERS	$ 3,425,800	$ 1,072,640	$ (916,952)
Proportionate Share of Net Pension liability (asset) – PFRS	$ 6,149,491	$ 2,169,177	$ (1,169,332)

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	ERS	PFRS
Total pension liability	$ 177,400,586	$ 31,670,483
Net position	(168,004,363)	(29,597,831)
Net pension liability (asset)	$ 9,396,223	$ 2,072,652
Net position as a percentage of total pension liability	94.70%	93.50%

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.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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. For the year ended December 31, 2017, the City contributed a total of $1,139,607. The costs of administering the Plan are paid by the City.

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City's net OPEB obligation.

	City
Annual required contribution	$ 1,982,243
Interest on net OPEB obligation	672,043
Adjustment to annual required contribution	(1,184,738)
Annual OPEB cost (expense)	1,469,548
Contributions made	(1,139,607)
Increase in net OPEB obligation	329,941
Net OPEB obligation - Beginning of Year	16,801,074
Net OPEB obligation - End of Year	$ 17,131,015

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	$ 1,373,750	90.1%	$ 16,454,424
December 31, 2016	$ 1,411,098	75.4%	$ 16,801,074
December 31, 2017	$ 1,469,548	77.5%	$ 17,131,015

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statement, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In January 1, 2015, actuarial valuation, the following methods and assumptions were used:

Actuarial valuation method	Projected Unit Credit
Amortization method	Open basis
Discount rate	4.0%
Medical care cost trend rate	9.0%
Amortization period	30 years
Mortality Rates	RP 2000 Healthy Male and Female Tables with improvements using the Projections Scale AA for 15 years

10. NEW AND UPCOMING PRONOUCEMENTS

New Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The City adopted the provisions of Statement No. 74 for the year ending December 31, 2017 with no material effect.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity,* as amended. The City adopted the provisions of Statement No. 80 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City adopted the provisions of Statement No. 74 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Pending the measurement date of the employer's pension liability, the Corporation is required to adopt the provisions of Statement No. 82 for the year ended December 31, 2017 or 2018. The City adopted the provisions of the Statement No. 82 for the year ending December 31, 2017 with no material effect.

10. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The City is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The City is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments with a focus on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The City is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is address practice issues specific to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The City is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The City is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City is required to adopt the provisions of this Statement for the year ending December 31, 2020.

The City has not yet assessed the impact of these pronouncements on its future financial statements.

CITY OF ONEIDA, NEW YORK

BUDGETARY COMPARISON SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance Positive
	Original	Modified	Amounts	(Negative)
Budgetary fund balance, January 1	$ -	$ -	$ -	$ -
Resources (inflows):				
Real property taxes	3,978,319	3,980,319	3,884,964	(95,355)
Other real property tax items	215,000	213,000	259,941	46,941
Non-property taxes	4,853,000	4,850,500	4,890,066	39,566
Departmental revenues	211,760	214,260	181,194	(33,066)
Intergovernmental charges	22,650	22,650	22,626	(24)
Tribal Compact moneys	173,967	173,967	185,837	11,870
Use of money and property	27,800	27,800	12,431	(15,369)
Licenses and permits	64,540	64,540	279,954	215,414
Fines and forfeitures	104,000	104,000	100,346	(3,654)
State aid	1,900,797	1,902,097	2,026,221	124,124
Federal aid	-	-	2,215	2,215
Sale of property and compensation for loss	73,500	94,388	119,523	25,135
Miscellaneous	18,937	18,937	-	(18,937)
Amounts available for appropriation	11,644,270	11,666,458	11,965,318	298,860
Charges to appropriations:				
General government support	1,195,051	1,240,194	1,178,564	(61,630)
Public safety	4,091,630	4,199,169	4,184,327	(14,842)
Health	13,855	10,365	5,806	(4,559)
Transportation	1,097,691	1,158,828	1,071,350	(87,478)
Economic assistance and opportunity	750	750	750	-
Culture and recreation	423,441	442,234	404,233	(38,001)
Home and community services	468,002	468,002	427,640	(40,362)
Employee benefits	4,277,255	4,277,255	4,083,804	(193,451)
Debt service - principal	437,208	437,208	437,208	-
Debt service - interest	108,580	108,580	108,577	(3)
Total charges to appropriations	12,113,463	12,342,585	11,902,259	(440,326)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(469,193)	(676,127)	63,059	(141,466)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	144,709	144,709	300,863	156,154
Operating transfers out	(41,333)	(41,333)	-	41,333
Total other financing sources (uses)	103,376.00	103,376	300,863	197,487
NET CHANGE IN FUND BALANCE	$ (365,817)	$ (572,751)	$ 363,922	$ 56,021

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, 2017

	Budgeted Amounts		Actual	Variance Positive
	Original	Modified	Amounts	(Negative)
Budgetary fund balance, January 1	$ -	$ -	$ -	$ -
Resources (inflows):				
Departmental income	3,236,421	3,236,421	3,225,467	(10,954)
Use of money and property	7,403	7,403	7,485	82
Sale of property and compensation for a loss	10,000	10,000	-	(10,000)
Amounts available for appropriation	3,253,824	3,253,824	3,232,952	(20,872)
Charges to appropriations:				
Home and community services	2,035,614	2,047,712	1,843,669	(204,043)
Employee Benefits	609,605	609,605	557,070	(52,535)
Debt Service - Principal	400,000	400,000	400,000	-
Debt Service - interest	66,177	66,177	66,177	-
Total charges to appropriations	3,111,396	3,123,494	2,866,916	(256,578)
EXCESS OF REVENUES OVER EXPENDITURES	142,428	130,330	366,036	(277,450)
OTHER FINANCING SOURCES (USES):				
Operating transfers from	107,336	107,336	99,330	(8,006)
Operating transfers to	(249,764)	(292,284)	(191,884)	100,400
Total other financing sources (uses)	(142,428)	(184,948)	(92,554)	92,394
NET CHANGE IN FUND BALANCE	$ -	$ (54,618)	$ 273,482	$ (185,056)

See Notes to the Required Supplementary Information.

CITY OF ONEIDA, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS

FOR THE YEAR ENDED DECEMBER 31, 2017

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2017	1/1/2015	$ -	$ 25,363,814	$ 25,363,814	0%	$ 6,934,485	366.0%
12/31/2016	1/1/2015	$ -	$ 24,989,538	$ 24,989,538	0%	$ 6,907,811	362.0%
12/31/2015	1/1/2015	$ -	$ 24,575,806	$ 24,575,806	0%	$ 6,828,572	360.0%

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, 2017

	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:										
Proportion of the net pension liability (asset)	0.0114157%	0.0111832%	0.0012297%							
Proportionate share of the net pension liability (asset)	$ 1,072,640	$ 1,794,936	$ 415,434							
Covered-employee payroll	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	31.16%	58.76%	12.81%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%							

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.

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE POLICE AMD FIRE RETIREMENT SYSTEM PLAN:										
Proportion of the net pension liability (asset)	0.1046571%	0.1080690%	0.1086180%							
Proportionate share of the net pension liability (asset)	$ 2,169,177	$ 3,199,691	$ 299,157							
Covered-employee payroll	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	62.12%	99.04%	9.15%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.46%	90.20%	99.00%							

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 Required Supplementary Information

CITY OF ONEIDA, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2017

Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:										
Contractually required contribution	$ 505,200	$ 557,773	$ 544,656							
Contributions in relation to the contractually required contribution	(505,200)	(557,773)	(544,656)							
Contribution deficiency (excess)	$ -	$ -	$ -							
Covered-employee payroll	3,442,685.00	3,355,870	3,054,725							
Contributions as a percentage of covered-employee payroll	14.67%	16.62%	17.83%							

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.

	2017	2016	2016	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE POLICE AMD FIRE RETIREMENT SYSTEM PLAN:										
Contractually required contribution	$ 744,416	$ 802,885	$ 752,885							
Contributions in relation to the contractually required contribution	(744,416)	(802,885)	(752,882)							
Contribution deficiency (excess)	$ -	$ -	$ -							
Covered-employee payroll	3,491,800	3,351,258	3,230,831							
Contributions as a percentage of covered-employee payroll	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.

1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Policies
The budget policies are as follows:

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 and the Water 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.

CITY OF ONEIDA, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS - NONMAJOR GOVERNMENTAL FUNDS
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

	Miscellaneous Special Revenue Fund	Sewer Fund	Total
ASSETS			
Unrestricted cash & cash equivalents	$ 43,664	$ 1,464,013	$ 1,507,677.00
Accounts receivable	-	85,069	85,069
Due from other funds	-	1,797	1,797
Prepaid expenditures	-	32,515	32,515
Total assets	$ 43,664	$ 1,583,394	$ 1,627,058
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ 55,736	$ 55,736
Accrued liabilities	-	9,825	9,825
Due to other governments	-	66,673	66,673
Total liabilities	-	132,234	132,234
Fund balances:			
Nonspendable	-	32,515	32,515
Assigned	43,664	1,418,645	1,462,309
Total fund balances	43,664	1,451,160	1,494,824
Total liabilities and fund balances	$ 43,664	$ 1,583,394	$ 1,627,058

CITY OF ONEIDA, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

	Miscellaneous Special Revenue Fund	Sewer Fund	Total
REVENUES:			
Real property taxes	$ 36,515	$ -	$ 36,515
Departmental Income	9,391	2,177,535	2,186,926
Use of money and Property	118	3,760	3,878
Licenses and Permits	-	200	200
Total revenues	46,024	2,181,495	2,227,519
EXPENDITURES:			
Home and community services	16,784	1,590,202	1,606,986
Employee benefits	-	343,406	343,406
Debt Service - Principal	-	289,134	289,134
Total expenditures	16,784	2,222,742	2,239,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,240	(41,247)	(12,007)
OTHER FINANCING (USES):			
Interfund transfers out	(31,069)	(594,678)	(625,747)
Total other financing (uses)	(31,069)	(594,678)	(625,747)
CHANGE IN FUND BALANCE	(1,829)	(635,925)	(637,754)
FUND BALANCE - beginning of year	45,493	2,087,085	2,132,578
FUND BALANCE - end of year	$ 43,664	$ 1,451,160	$ 1,494,824

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

June 25, 2018

To the Common Council of the
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2018. 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.

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 deficiencies described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as items 2017-001 through 2017-002.

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 that we consider to be a significant deficiency as item 2017-003.

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(Continued)

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*
(Continued)

Internal Control over Financial Reporting (Continued)
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 coasts, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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's, New York's responses to the findings identified in our audit is 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.

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

June 25, 2018

To the Common Council of the
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, 2017. 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.

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

Auditor's Responsibility
(Continued)

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.

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 each of its major federal programs for the year ended December 31, 2017.

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.

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

Report on Internal Control over Compliance
(Continued)

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, 2017

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Grant Identifying Number	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	$ 157,125
Total Passed-through NYS Homes & Community Renewal				157,125
Total U.S. Department of Housing and Urban Development				157,125
U.S. Department of Homeland Security				
Passed-through NYS Division of Homeland Security:				
Hazard Mitigation Grant		97.039	4031-0035	4,843,781
Hazard Mitigation Grant		97.039	4129-PW-0052	749,131
Total U.S. Department Homeland Security				5,592,912
Total Expenditures of Federal Awards				$ 5,750,037

CITY OF ONEIDA, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 the outstanding principal balance of those loans were $216,410.

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, 2017

Part I - 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 Bprograms was $750,000.

The major federal program of the City for the year ended December 31, 2017 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, 2017.

Part II - Financial Statement Findings

Reference: 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.

Cause/Condition:
Activity and transactions are incurred during the year, and are not recorded in the general ledger.

Effect:
Material audit adjustments were recorded in the following funds/departments as a result of our audit that are summarized below and communicated separately in our required communications letter:

Community Development Fund		
Expense	$238,000	
Accounts Payable		$238,000
Sewer Fund		
Expense	$37,840	
Accounts Payable		$37,840
Capital Fund		
Expense	$439,593	
Accounts Payable		$439,593
Prior Period Adjustment – Water Fund		
Fund Balance	$117,318	
Accounts Receivable		$117,318
Prior Period Adjustment – Community Development Fund		
Fund Balance	$217,999	
Unearned Revenue		$217,999

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's Response:
The City will develop and implement a year end policy to capture all year end expenditures appropriately.

Part II - Financial Statement Findings

Reference: 2017-002

Financial Reporting

Criteria:
Internal controls should ensure capital asset transactions are recorded in accordance with generally accepted accounting principles.

Cause/Condition:
Management's current policies and procedures are not adequate to ensure the completeness and accuracy of capital asset records at fiscal yearend.

Effect:
Material audit adjustments were necessary to record construction in progress, capital assets at cost and related depreciation expense. The effect of certain adjustments as noted below were required to be reflected through the opening balance of net position for the year ending December 31, 2017.

Capital Assets	$637,801	
Accumulated Depreciation		$4,861,293
Net Position	$4,223,492	

Recommendation:
We recommend the City to develop and document policies and procedures to ensure proper reconciliation of the capital asset activity to supporting documentation. Depreciation expense should be calculated on all depreciable assets. Construction in progress on all capital projects should be capitalized at costs as a non-depreciable asset, until project completion.

Management's Response:
Although capital asset documentation has been a developing project for the last three years, the City anticipates their new software will provide them with assistance in the proper reconciliation of the capital asset activity to supporting documentation.

Part II - Financial Statement Findings

Reference: 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:
The current delinquencies are being discussed and steps will be taken to follow the charter appropriately.

APPENDIX - F

FORM OF BOND COUNSEL'S OPINION - BONDS

October 9, 2018

City of Oneida
County of Madison
State of New York

Re: City of Oneida, County of Madison, New York
$3,796,280 Public Improvement (Serial) Bonds, 2018

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $3,796,280 Public Improvement (Serial) Bonds, 2018 (the "Obligations"), of the City of Oneida, County of Madison, State of New York (the "Obligor"), dated October 9, 2018, 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, 2019 and semi-annually thereafter on October 1 and April 1, and maturing in the amount of $_____ on October 1, 2019, $_____ 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, $_____ on October 1, 2033, $_____ on October 1, 2034, $_____ on October 1, 2035, $_____ on October 1, 2036, $_____ on October 1, 2037, $_____ on October 1, 2038, $_____ on October 1, 2039, $_____ on October 1, 2040, $_____ on October 1, 2041, and $_____ on October 1, 2042.

The Bonds maturing on or before October 1, 2026 shall not be subject to redemption prior to maturity. The Bonds maturing on or after October 1, 2027 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, 2026 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 revenues or moneys of the Obligor legally available 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 - NOTES

October 9, 2018

City of Oneida
County of Madison
State of New York

Re: City of Oneida, County of Madison, New York
$624,000 Bond Anticipation Notes, 2018 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $624,000 Bond Anticipation Notes, 2018 (Renewals) (the "Obligation"), of the City of Oneida, County of Madison, State of New York (the "Obligor"), dated October 9, 2018 in the denomination of $_________, bearing interest at the rate of _______________% per annum, payable at maturity, and

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,

Orrick, Herrington & Sutcliffe LLP