

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

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

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 is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds 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 is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

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

SERIAL BONDS

See "BOND RATING" herein

\$3,034,000

CITY OF ONEONTA

OTSEGO COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 682709

\$3,034,000 Public Improvement (Serial) Bonds, 2020

(referred to herein as the "Bonds")

Dated: August 25, 2020

Due: August 15, 2021-2040

					MATURITIES [†]									
Year	Amount [†]	Rate	Yield	CSP	Year	Amount [†]	Rate	Yield	CSP	Year	Amount [†]	Rate	Yield	CSP
2021	\$ 124,000	%	%		2028	\$ 145,000	%	%		2035	\$ 165,000*	%	%	
2022	125,000				2029	145,000*				2036	170,000*			
2023	130,000				2030	150,000*				2037	175,000*			
2024	130,000				2031	150,000*				2038	175,000*			
2025	135,000				2032	155,000*				2039	180,000*			
2026	135,000				2033	160,000*				2040	185,000*			
2027	140,000				2034	160,000*								

[†] Subject to change pursuant to the accompanying Notice of Private Competitive Bond Sale in order to achieve substantially level or declining annual debt service.

* The Bonds are subject to redemption prior to maturity in the years 2029-2040 as described herein under the heading "THE BONDS – Optional Redemption" herein.

The Bonds are general obligations of the City of Oneonta, Otsego 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 interest thereon, subject to applicable statutory limitations. See "THE BONDS – Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, may be registered at the option of the purchaser in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry-only form, individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof except for a necessary odd denomination maturing in 2021 which is or includes \$9,000. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on February 15 and August 15 in each year until maturity commencing August 15, 2021. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. At the option of the purchaser, the Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder with (1) one certificated bond for each maturity, or (2) as a statutory installment bond ("SIB").

Proposals shall be for not less than \$3,034,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as may be agreed upon with the purchaser on or about August 25, 2020.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on August 17, 2020 until 11:00 A.M., Eastern Time, pursuant to the Notice of Private Competitive Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids also may 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 pursuant to the terms provided in the Notice of Private Competitive Bond Sale.

August 11, 2020

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "APPENDIX – C" HEREIN.

CITY OF ONEONTA

CITY OFFICIALS

GARY HERZIG

Mayor

COUNCIL MEMBERS

LUKE MURPHY
MARK DAVIES
DAVID RISSBERGER
KAYTEE LIPARI SHUE



LEONARD CARSON
SCOTT HARRINGTON
JOHN RAFTER
MARK DRNEK

* * * * *

VIRGINIA M. LEE

Director of Finance

JOSEPH P. TEMMING

Deputy Director of Finance

VACANT

City Manager

NANCY POWELL

City Clerk

DAVID S. MERZIG, ESQ.

City Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized 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 in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
CITY OF ONEONTA
OTSEGO COUNTY, NEW YORK**

**Relating To
\$3,034,000 Public Improvement (Serial) Bonds, 2020**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Oneonta, Otsego County, New York (the “City,” “County,” and “State,” respectively), in connection with the sale by the City of \$3,034,000 principal amount of Public Improvement (Serial) Bonds, 2020 (referred to herein as the “Bonds”).

The factors affecting the City’s financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE BONDS

Description of the Bonds

The Bonds will be dated and delivered August 25, 2020 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

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 a necessary odd denomination maturing in 2021 which is or includes \$9,000. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on February 15 and August 15 in each year until maturity commencing August 15, 2021. 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 a necessary odd denomination maturing in 2021 which is or includes \$9,000 and the City will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before August 15, 2028 shall not be subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2029 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 August 15, 2028 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 Director of Finance. 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.

Purposes of Issue

The Bonds are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and a various City bond ordinances as follows:

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount</u>
Water Treatment Supervisory Control & Data Acquisition	January 16, 2018	\$ 300,000
Water Lower Reservoir Dam	August 26, 2019	725,000
Sanitary Sewer Main	February 4, 2020	640,000
Wilbur Lake Dam Reservoir Project	July 7, 2020	<u>1,369,000</u>
	Total	<u>\$ 3,034,000</u>

The proceeds of the Bonds will provide \$3,034,000 in new monies for the aforementioned purposes.

Nature of the Obligation

Each of the Bonds 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 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 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.

BOOK-ENTRY-ONLY SYSTEM

If requested, DTC will act as securities depository for the Bonds. The Bonds 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 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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”). 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 under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 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, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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.

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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, except for a necessary odd denomination maturing in 2021 which is or includes \$9,000. 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 semi-annually on February 15 and August 15 in each year until maturity commencing August 15, 2021. 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 last business day of the calendar month preceding each such interest payment date of the Bonds. 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 Director of Finance 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 last business day of the calendar month preceding an interest payment date and such interest payment date.

THE CITY

General Information

The City is located in Central Upstate New York along the southern border of Otsego County. The City has a land area of approximately 4.1 square miles and a population of 13,907 (2019 U.S. Census Bureau estimate). The City is the County's only incorporated urban community.

The Village of Cooperstown, which is the County Seat and home to the National Baseball Hall of Fame and Museum, is located 21 miles to the north; the City of Albany, 76 miles to the northeast and the City of Binghamton, 60 miles to the Southwest. Major highways serving the City of Oneonta include State Routes 23 (Southeast/Northwest), 28 (North/South) and 7 (Northeast/Southwest) in addition to Interstate 88, which traverses northeast and southwest providing easy access to Albany and Binghamton. Air transportation is readily accessible in both Albany and Binghamton, and locally is accommodated at the Albert S. Nader Regional Airport, which is owned and operated by the City.

Otsego County's several largest employers include hospitals, health-related services organizations, colleges, and insurance companies. These stable industries contribute to the favorable economic activity, giving Otsego County one of the lowest unemployment rates in the Central New York area. Complementing these jobs is a high percentage of employment in the construction industry and considerable growth in tourism, retail and service sectors. Per the 2017 American Community Survey conducted by the US Census Bureau, the following are the most common employment sectors for those who live in Otsego County; Health Care & Social Assistance 19%, Educational Services 14.8%, Retail Trade 12.5%, Accommodation & Food Services 9.6% and Manufacturing and Construction 14.5%. The unemployment rate in Otsego County as of March 2020 was 5.2%. There are two institutions of higher learning in the City; Hartwick College and State University of New York at Oneonta (SUNY Oneonta). Together they have a total enrollment of 7,000 students.

Tourism has been a consistent economic driver for the County. The National Baseball Hall of Fame in Cooperstown, and three large seasonal youth baseball camps, one near Cooperstown, and two in Oneonta, bring thousands of participants and their families to the area each summer and have a significant economic impact on the local economy. A hub of retail activity anchored by national chains, a vibrant downtown, and a growing arts and culture destination is a regional draw to the City.

The City and immediate area also serve as the County and Region's industrial hub. Three industrial parks near the City, the Browne Street Industrial Park, the Pony Farm Industrial Park, and the Oneonta River Corp. Industrial Park, are home to many small and mid-size manufacturing companies. Corning, Inc., which employs approximately 188 people in the City, is the largest private manufacturer. See "Larger Employers" herein.

In 2016, the City was one of the first ten communities in New York to be awarded a \$10 million state grant as part of the Downtown Revitalization Initiative (DRI) program. Currently, this program includes a \$2,600,000 building improvement fund, as well as branding and marketing efforts for the City. The City anticipates that there will be significant economic development activities in the future related to the renovation of a parking garage, the development of an intermodal transit hub, and the creation of mixed-use commercial/residential projects. In addition, the City is the recipient of a large number of active grants, including microenterprise grants, housing improvement grants, and community development block grants.

Downtown Revitalization Project:

- A \$2.66 million fund has been established to support the renovation of existing downtown buildings. Grants totaling \$2.335 million have been awarded to more than fifty (50) downtown businesses for new signage and improved facades, and to create year-round, market-rate housing in the upper floors.
- \$1.47 million will provide for the construction of a 73,500 square foot, four story, mixed-use building, including sixty-four (64) apartment units and the Hartwick Grain Innovation Center, and educational facility developed in conjunction with Hartwick College. To assist in the Grain Center, the City also received a grant of \$180,000.
- A \$570,000 fund has been established to undertake a branding and marketing effort for the City including the fabrication and installation of new wayfinding signs in the downtown. The selected design firm has created new marketing materials, is developing a marketing strategy, and is designing wayfinding signage. A portion of this fund has been repurposed for a Covid-19 Recovery marketing strategy.
- Market Street, which is one block south of the City's Main Street, is being developed with the goal to become a vibrant and active part of the City with the following projects:
 - A \$2.5 million DRI fund, and more than \$3.3 million in New York State Department of Transportation (NYSDOT) funding, has been established for a new intermodal Transit Hub, and improvements to the City's existing downtown parking garage. A conceptual planning study is currently underway to identify the needs and location of the new hub and options for the parking garage.
 - Projects that will provide an improved pedestrian experience connecting Main Street and Market Street have been funded with \$750,000 of DRI funds.
 - Efforts are underway for a \$2.25 million Market Street streetscape improvement project to benefit traffic and provide improved pedestrian-oriented features.

Recent Economic Development projects include:

- With a \$750,000 RESTORE NY grant, the City assisted a developer with the cost of renovations for a long-vacant downtown Main Street building. Work is complete creating new commercial space on the first floor and four (4) year-round, market rate apartments on the upper floors.
- The City is dedicated to maintaining its existing water and wastewater infrastructure and is completing the following major projects:
 - Two projects which will improve the City's drinking water reservoir dams. Both projects are partially funded through a New York State Community Development Block Grant (CDBG) totaling more than \$1.2 million
 - A project to improve the wastewater treatment plant with an estimated cost of \$9 million. This project's goal is to keep the plant in compliance with State laws and regulations. Funding was obtained through the New York State Water Infrastructure Improvement Act (WIIA) program with \$2,121,758 in grant funds, and \$6,365,274 in a zero percent (0%) interest loan from the New York State Environmental Facilities Corporation (NYSEFC) Clean Water State Revolving Fund (CWSRF).
- The City also provides an excellent public transit system to its citizenry. The City has an excellent history of being awarded grants to fund the transit system. As mentioned above, \$5.8 million of grant funds have been awarded for a new Transit Hub. The City has also been awarded over \$1 million from the CARES Act to assist in the anticipated revenue losses due to COVID-19.
- The City has historically benefited from grant awards from the Federal Aviation Administration (FAA) and the NYSDOT for its Albert S. Nader Regional Airport. NYSDOT recently awarded an \$800,000 grant to replace the Airport's existing fuel farm; and the FAA and NYSDOT provided over \$260,000 for the Airport's heavy-duty snow removal equipment; grants totaling over \$223,000 have been awarded to begin the process of reconstructing the terminal apron and for obstruction removal.
- The City has a minor league baseball park and has been awarded \$1 million for renovations.
- Currently the City is involved in an Otsego County Regional Compost Facility and has been awarded a \$420,000 grant for the project.
- The Community Development Block Grants have been a consistent source of grants to assist the City's homeowners and business owners. The City assisted two (2) restaurants with CDBG Economic Development funds, and a \$200,000 microenterprise grant assisted very small businesses, and a portion of the grant has recently been repurposed for COVID-19 recovery grants.
- Currently the City is completing \$800,000 in single-family home improvements funded by a Home Local Program grant and an Affordable Housing Corporation (AHC) grant, and has applied to AHC for \$320,000 for a First Time Homebuyers Program.
- The City was recently awarded a \$72,000 grant to complete a joint Local Waterfront Revitalization Plan with the Town of Oneonta. The planning effort will result in the City and Town having clear identities as Susquehanna River Basin communities, and will enhance connections with the river and its tributaries through improved pedestrian and bike connections and development that enhances the riverfront, and will ensure the resiliency of the areas along the waterfront.

Source: City officials.

Population Trends

<u>Year</u>	<u>City of Oneonta</u>	<u>Otsego County</u>	<u>New York State</u>
1970	16,030	56,181	14,236,882
1980	14,933	59,075	17,558,072
1990	13,954	60,517	17,990,455
2000	13,292	61,676	18,976,457
2010	13,901	61,917	19,378,104
2019 (estimated)	13,907	59,493	19,453,561

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 Census reports and 2006-2010 and 2014-2018 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>	<u>2000</u>	<u>2006-2010</u>	<u>2014-2018</u>
City of:						
Oneonta	\$ 12,640	\$ 18,084	\$ 20,447	\$ 40,833	\$ 53,766	\$ 69,091
County of:						
Otsego	16,806	22,902	27,680	41,110	56,797	66,399
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Larger Employers

The following are the larger employers within and in close proximity to the City.

<u>Name</u>	<u>Type</u>	<u>Estimated Number Number of Employees</u>
Bassett Healthcare Network	Not-for Profit Acute Care/Teaching Hospital	3,874
Springbrook	Residential/Educational Services for Disabled	1,446
SUNY College at Oneonta	Public Four-Year University	1,148*
New York Central Mutual Insurance Company	Insurance	848
A.O. Fox Hospital	Hospital	741
Wal-Mart Stores, Inc.	Retail	520
County of Otsego	Government	500
Oneonta City School District	Public School	450
Hartwick College	Private Four-Year College	436
Cooperstown All Star Village	Baseball Camp - Seasonal	300
The ARC Otsego	Community Services	290
Corning, Inc.	Disposable/sterile plastic Laboratory products	188
Opportunities for Otsego	Community Services	150
Community Bank	Retail/Investment Bank	150
Oneonta Job Corps	Education / Training	145
The Daily Star	Daily Newspaper	114
Brook House of Barbeque	Restaurant/catering and bottling unit	108
Chestnut Park Rehabilitation & Nursing Care	Nursing Home	90
New York State Electric & Gas	Utility	90
County Club Auto Group	Car Dealership	86
Astrocom Electronics	Communications Electronics	84
Brewery Ommegang	Belgium Craft-Style Brewery	82
Custom Electronics, Inc.	Electrical Products/Defense	81
Helios Care	Non-Profit Healthcare/Hospice	72
Mold-A-Matic (MAMCO)	Precision Ejection Molding/Plastics	60
Ioxus, Inc.	High Tech Ultra Capacitor Manufacturing	60
Burt Rigid Box, Inc.	Custom Box Manufacturing	40
Directive	IT Tech support/computer	40

* Includes locations outside County.

Source: Otsego County Chamber of Commerce.

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 Otsego County and the Oneonta, NY Micropolitan Statistical Area (MSA). The information set forth below with respect to the County, the Oneonta NY MSA, and the State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County, the Oneonta NY MSA, or the State is necessarily representative of the City, or vice versa.

	<u>Annual Average</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Oneonta, NY MSA	6.8%	5.7%	5.4%	4.9%	5.0%	4.4%	4.2%
Otsego County	6.8	5.7	5.4	4.9	5.0	4.4	4.2
New York State	7.7	6.3	5.3	4.9	4.7	4.1	4.0

	<u>2020 Monthly Figures</u>							
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>
Oneonta, NY MSA	5.5%	5.1%	5.2%	12.1%	8.5%	9.3%	N/A	N/A
Otsego County	5.5	5.1	5.2	12.1	8.5%	9.3%	N/A	N/A
New York State	4.1	3.9	4.2	15.1	14.2%	15.6%	N/A	N/A

Note: Unemployment rates for July and August 2020 are not available as of the date of this Official Statement. As a result of the COVID-19 pandemic unemployment rates for April and May 2020 and unemployment rates for the foreseeable future are expected to increase substantially over prior periods.

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

Form of City Government

The City functions with a Mayor-City Manager-Council form of government. The Mayor, elected city-wide, serves as the Chief Elected Officer, and the Common Council as the policy making body. The Common Council is made up of eight Council Members, with one elected from each of the eight wards for four-year concurrent terms. The Corporation Counsel is appointed by the Common Council.

Currently the City Manager position is vacant; therefore, all powers/duties assigned to the City Manager revert back to the Council unless otherwise authorized by Council.

Financial Organization

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

Budgetary Procedures

The Director of Finance assembles a budget for the fiscal year beginning on January 1st based on requests and estimates submitted by department heads. The City Manager reviews the draft budget and may revise revenue, expense, and capital items. The revised draft budget is submitted to the Common Council at least one week prior to its second meeting in November. The Common Council reviews the budget and may revise any item by a 2/3 vote. A public hearing on the proposed budget is held at least one week before the first regular meeting in December, and the Common Council votes on the adoption of the budget at the first regular meeting following the public hearing. The budget is not subject to voter approval.

State Aid

The City receives financial assistance from the State. In its budget for the 2020 fiscal year, approximately 15.25% of the operating revenues of the City are comprised of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City in this year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. 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.

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the City (See "MARKET AND RISK FACTORS -COVID-19" herein).

Employees

The City provides services through approximately 130 full-time employees, 102 of whom are represented by four labor organizations. Employees are represented by various unions as follows:

<u>Number of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
5	Oneonta Sergeants Benevolent Association	December 31, 2020
18	Oneonta Police Benevolent Association	December 31, 2020
24	Oneonta Professional Firefighters	December 31, 2023
54	Civil Service Employees' Association	December 31, 2021

Source: City officials.

Status and Financing of Employee Pension Benefits

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

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

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

For both ERS & PFRS, Tier 5 provides for:

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

For both ERS & PFRS, Tier 6 provides for:

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

Since the 2013 fiscal year, the City's contributions to the Retirement Systems for the past five completed fiscal years, and the budgeted amount for the current fiscal year, have been as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$ 679,199	\$ 873,268
2015	596,230	844,508
2016	525,036	789,155
2017	509,668	807,516
2018	517,430	778,459
2019 (Unaudited)	520,843	855,857
2020 (Budgeted)	601,586	892,500

Note: The numbers above reflect the actual payments made to the Retirement Systems, rather than the actual expenditures.

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 but is reviewing possibilities to implement future retirement incentives.

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 (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	15.5%	24.3%
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4

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

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

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

The City is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

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

Other Post-Employment Benefits

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

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

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

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

The following outlines the changes to the Total OPEB Liability during the 2018 and 2019 fiscal years, by source.

Total OPEB Liability - Balance at:	December 31, 2017	December 31, 2018
	\$ 47,135,961	\$ 44,169,550
<u>Changes for the year:</u>		
Service cost	1,539,506	1,353,990
Interest	1,585,653	1,658,400
Changes in benefit terms	(116,313)	(1,674,155)
Changes in assumptions or other inputs	(4,434,159)	5,272,455
Differences between expected and actual experience	0	(4,356,807)
Benefit payments	(1,541,098)	(1,645,463)
Net Change	\$(2,966,411)	\$608,420
Total OPEB Liability - Balance at:	December 31, 2018	December 31, 2019
	\$ 44,169,550	\$ 44,777,970

Note: The above table is not audited. For additional information see “APPENDIX - D” attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45") required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The City contracted with BPAS Healthcare Consulting Services to prepare its post-retirement benefits valuation in accordance with GASB 45. Based on the most recent actuarial valuation dated January 1, 2017, the following tables shows the components of the City's annual OPEB cost, the amount actuarially contributed to the plan, changes in the City's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and December 31, 2017:

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 4,471,360	\$ 4,648,852
Interest on net OPEB obligation	601,770	706,600
Adjustment to ARC	<u>(870,010)</u>	<u>(1,021,569)</u>
Annual OPEB cost (expense)	4,203,120	4,333,883
Expected Contributions made	<u>(1,582,373)</u>	<u>(1,604,158)</u>
Increase in net OPEB obligation	2,620,747	2,729,725
Net OPEB obligation - beginning of year	<u>15,044,250</u>	<u>17,664,997</u>
Net OPEB obligation - end of year	<u>\$ 17,664,997</u>	<u>\$ 20,394,722</u>
Percentage of annual OPEB cost contributed	37.65%	37.01%
<i>Funding Status:</i>		
Actuarial Accrued Liability (AAL)	\$ 51,785,775	\$ 53,875,040
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 51,785,775</u>	<u>\$ 53,875,040</u>
Funded Ratio (Assets as a Percentage of AAL)	0.00%	0.00%

Note: 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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

Other Information

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

The City has complied with the procedure for the validation of the Bonds 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 independent Certified Public Accountants. The last audit report is for the period ending December 31, 2018 and may be found attached hereto as “APPENDIX – D” to this Official Statement. The Audited Financial Report for fiscal year ending December 31, 2019 is not complete as of the date of this Official Statement. Certain financial information may also be found in the Appendices to this Official Statement.

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

Beginning with the fiscal year ending December 31, 2003 the City was 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 a Management’s Discussion and Analysis, however, the implementation of this standard is not a State Comptroller’s office requirement. In accordance with GASB 34 and beginning with the fiscal year ending December 31, 2017, the City now presents two additional statements, the statement of net position and the statement of activities, collectively referred to as the “government-wide” financial statements which are presented on the accrual basis of accounting. In addition, reconciliations of fund-based financial statements to the government-wide statements are included.

The City expects to end the fiscal year ending December 31, 2019 with an unassigned fund balance of \$7,260,396.

Summary unaudited information for the General Fund for the period ending December 31, 2019 is as follows:

Revenues:	\$ 16,259,918
Expenditures:	<u>\$ 17,100,317</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (840,399)</u>
Total Fund Balance at December 31, 2018:	\$ 13,841,985
Total Estimated Fund Balance at December 31, 2019:	\$ 13,001,586

Note: These projections are based upon certain current assumptions and estimates. Audited results may vary therefrom.

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 on the Office of the State Comptroller website.

The State Comptroller’s office has not released an audit of the City within the last five years. As of the date of this Official Statement, there are currently no State Comptroller audits of the City that are in progress or pending release.

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

Note: Reference to website 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 four years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2018	No Designation	0.0
2017	No Designation	0.0
2016	No Designation	12.5
2015	No Designation	15.8

Source: Website of the Office of the New York State Comptroller. Information for the fiscal year ending in 2019 is unavailable as of the date of this Official Statement.

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

TAX INFORMATION

Taxable Valuations

Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuation	\$ 313,838,210	\$ 491,449,677 ⁽¹⁾	\$ 492,032,835	\$ 491,027,627	\$ 489,385,053
New York State					
Equalization Rate	69.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	\$ 454,837,986	\$ 491,449,677	\$ 492,032,835	\$ 491,027,627	\$ 489,385,053

⁽¹⁾ Significant change from the previous year due to revaluation.

Tax Rate per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General City	\$ 14.62	\$ 9.34 ⁽¹⁾	\$ 9.50	\$ 9.52	\$ 9.71

⁽¹⁾ Significant change from the previous year due to revaluation.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy	\$ 4,595,050	\$ 4,591,764	\$ 4,676,252	\$ 4,676,252	\$ 4,758,086
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ See "Tax Collection Procedure" herein.

Tax Collection Procedure

The City's property taxes are levied annually on or before December 31 of each year for the ensuing calendar year commencing on January 1. Real property values upon which taxes are levied are established as of July 1 of each year. Taxes for City and Library purposes are levied with County taxes as a single tax bill that is due and payable on January 1, and becomes delinquent on February 1. Pursuant to an inter-municipal agreement with the County, the City collects taxes during the four-month collection period from January 1 through April 30. The first moneys received are used to satisfy the total tax levies of the City and the Library; moneys in excess of these levies are remitted to the County. In the event insufficient moneys are received to satisfy the City and Library levies, the County pays the City and Library an amount necessary to satisfy their levies. At the end of the four-month collection period, all unpaid taxes are returned to the County for enforcement. Unpaid school district taxes are turned over to the County of Otsego and are re-levied on the next year's County/City tax bill.

Larger Taxpayers – 2019 Tax Roll for 2020

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
NYS Electric & Gas	Utility	\$ 13,442,688
MTL, LLC	Hotel	5,900,000
Wilber Park Apartments	Housing	4,180,000
Delaware & Hudson Railway	Railroad	3,927,490
Wilber & Clark Enterprises	Commercial & Residential Property	3,821,000
LFT Amsterdam, LLC	Retail/Commercial	3,000,000
Campus Heights Apartments	Housings	2,800,000
Corning Glass, Inc.	Glass Manufacturing	2,518,000
Fu Hua Joyful, Realty Corp.	Motel	2,450,000
Verizon	Utility	2,246,322

The ten larger taxpayers listed above have a total taxable assessed valuation of \$44,285,500, which represents approximately 9.05% of the tax base of the City for the 2020 fiscal year. As of the date of this Official Statement, the City does not believe that there are any pending or outstanding tax certioraris claims that, if decided adversely to the City, would have a material adverse impact on the City.

Note: The list of larger taxpayers and assessed valuations remains unchanged from the 2018 Tax Roll.

Source: City Tax Rolls.

Sales Tax

During 1991 the City adopted a resolution to preempt the County of Otsego's sales tax effective March 1, 1992. This would have shifted one-half of the tax generated within the City directly to the City and forced the County to distribute revenue to the Towns and Villages outside of the City. Because the County sales tax rate was 2%, the preemption also would have resulted in a higher tax rate within the City, than outside the City. As an alternative, the City and County negotiated a sales tax sharing agreement whereby the City repealed its preemption; the County raised its tax rate to 3%, and the County shares 12% of the sales tax revenues with the City, and 12% with the Towns and Villages in the County. Additionally, as of December 1, 2003, the County raised its tax rate to 4%, such increase being subject to the tax sharing agreement.

The sales tax as recorded by the City for the past ten fiscal years, the budgeted amount for the 2020 fiscal year, and the amount collected as of June 18, 2020 for the 2020 fiscal year, is as follows:

<u>Fiscal Year</u>	<u>Sales Tax Revenues</u>
2009	\$ 3,760,436
2010	3,852,787
2011	4,049,176
2012	4,132,081
2013	4,160,190
2014	4,311,026
2015	4,243,230
2016	4,208,378
2017	4,429,399
2018	4,684,706
2019	4,842,640
2020 (Budgeted)	4,784,000
2020 (Collected as of 6/18/20)	1,316,468 *

* Represents January-April 2020 sales tax activity received from County on June 18, 2020.

Source: City officials.

Constitutional Tax Margin

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

<u>Fiscal Year Ending December 31:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Five Year Average Full Valuation.....	\$ 483,746,636	\$ 475,600,694	\$ 463,598,285
Tax Limit - (2%).....	9,674,933	9,512,014	9,271,966
Add: Exclusions from Tax Limit.....	1,040,458	1,048,800	1,063,794
Total Taking Power.....	\$ 10,715,391	\$ 10,560,814	\$ 10,335,760
Less: Total Levy.....	4,758,086	4,676,252	4,676,252
Constitutional Tax Margin.....	<u>\$ 5,957,305</u>	<u>\$ 5,884,562</u>	<u>\$ 5,659,508</u>

Source: City officials.

Additional Tax Information

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

Veterans and senior citizens' exemptions are offered to those who qualify. On February 18, 2020 the City of Oneonta Common Council adopted a Real Property Tax Reduction for Low Income Senior Citizens pursuant to Section 467 of the New York State Property Tax Law using a sliding scale based upon annual income to determine the percentage of assessed value that becomes exempt for taxation.

The estimated total annual property tax bill for 2020 of a \$100,000 market value residential property located in the City is approximately \$3,369 including City, County, Library and School District taxes.

The City assessment roll is estimated to be comprised of the following types of properties: 81% residential, 16% commercial, 2% public service, and 1% industrial.

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. 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.

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), 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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the City determines to issue debt amortized on the basis of substantially level or declining annual debt service. 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 bond anticipation notes.

Debt Limit. 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 resolution approved by at least two-thirds of the members of the Common Council, the finance board of the City. Customarily, the Common Council has delegated to the Director of Finance, 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 resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

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

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

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

Each bond resolution 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, deficiency and capital notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Bonds	\$ 11,255,000	\$ 10,530,000	\$ 13,980,000	\$ 12,880,000	\$ 11,850,000
Bond Anticipation Notes	0	0	0	0	0
Energy Performance Contract	<u>2,912,423</u>	<u>2,705,335</u>	<u>2,492,362</u>	<u>2,273,345</u>	<u>2,048,111</u>
Totals	<u>\$ 14,167,423</u>	<u>\$ 13,235,335</u>	<u>\$ 16,472,362</u>	<u>\$ 15,153,345</u>	<u>\$ 13,898,111</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by bonds and notes as of August 4, 2020:

<u>Type of Obligation</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2021-2033	\$ 10,505,000
<u>Bond Anticipation Notes</u>	-----	<u>0</u>
	Total Debt Outstanding	<u>\$ 10,505,000</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of August 4, 2020:

Five-Year Average Full Valuation of Taxable Real Property	\$ 483,746,636
Debt Limit - 7% thereof	33,862,264

Inclusions:

Bonds	\$ 10,505,000	
Bond Anticipation Notes	<u>0</u>	
Total Inclusions		\$ 10,505,000

Exclusions:

Sewer Debt ⁽¹⁾	\$ 440,000	
Water Debt ⁽²⁾	3,375,569	
Appropriations	<u>0</u>	
Total Exclusions		\$ 3,815,569

Total Net Indebtedness..... \$ 6,689,431

Net Debt-Contracting Margin \$ 27,172,833

The percent of debt contracting power exhausted is 19.75%

The proceeds of the Bonds are expected to increase the net indebtedness of the City by \$640,000.

⁽¹⁾ Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law. The City has applied for and received the exclusion for certain sewer indebtedness outstanding. Should the City apply for an additional sewer exclusion, an additional \$1,990,451 of outstanding sewer debt could be excluded decreasing the total net indebtedness of the City to \$4,698,980, increasing the net debt contracting margin to \$29,163,284 and decreasing the percent of debt contracting power exhausted to 13.88%.

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

Bonded Debt Service

A schedule of bonded debt service, 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 revenue or tax anticipation notes in the past and does not anticipate the need for borrowing them in the foreseeable future.

Other Obligations

The City entered into an Energy Performance Contract in July 2012 in the amount of \$3.5 million. The interest rate is 2.84% with annual payments of \$289,800 until 2027. As of December 31, 2019, \$2,048,111 principal remains outstanding.

Aggregate annual debt service of installment purchase debt payable is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 231,634	\$ 58,166
2021	238,213	51,588
2022	244,978	44,823
2023	251,935	37,865
2024-2025	525,538	54,063
2026-2027	<u>555,813</u>	<u>23,788</u>
TOTALS	<u>\$ 2,048,111</u>	<u>\$ 270,293</u>

Estimate of Obligations to be Issued

Street reconstruction projects are anticipated during 2020 and beyond. These projects are to be funded by a combination of current funds, New York State Highway aid, capital reserves, and serial bonds.

On August 4, 2020, the City issued \$3,540,000 refunding serial bonds to refund its 2013 outstanding bonds in the principal amount of \$3,830,000 which mature in years 2021-2032. The 2013 refunded bonds will be redeemed in full on September 4, 2020.

On June 20, 2017, the City Council approved a bond resolution in the amount of \$8,700,000 for an upgrade to the wastewater treatment plant. This resolution was updated on April 7, 2020 bringing the amount to \$9,000,000. This was required as part of the City’s grant application to the NYSEFC. The City received both a grant and a 0% loan through EFC which are expected to cover the entire cost of the project. As of June 20, 2020, the City has applied for and received grant funds in the amount of \$623,993.82.

The proceeds of the Bonds will finance the following projects:

- \$300,000 Water Fund SCADA system (authorized January 16, 2018)
- \$725,000 Water Lower Reservoir Dam (authorized August 26, 2019)
- \$640,000 Sewer Sanitary Lines (authorized February 4, 2020)
- \$1,369,000 Water Upper Reservoir Dam (authorized July 7, 2020)

On October 15, 2019, City Council approved a bond resolution in the amount of \$1,487,277 for the acquisition of street lights from NYSEG and conversion to LED, including incidental improvements. The project is pursuant to a contract with the New York Power Authority (NYPA) for the purchase and replacement of street lights; which includes smart-cities grant funds and financing.

The City considers its capital needs on an annual basis. See “Capital Plan Summary” herein.

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Capital Plan Summary

The City's Capital Plan Projection is an internal working document to be used by Common Council and administrators as well as the City's municipal advisor and bond counsel. It provides a financial plan through which borrowing can be organized and scheduled and debt service impacts on future annual operating budgets can be predicted.

	Proposed 2020	Proposed 2021	Proposed 2022	Proposed 2023	Proposed 2024	Total Program
General Fund:						
-Infrastructure	\$ 540,000	\$ 650,000	\$ 362,500	\$ 835,000	\$ 800,000	\$ 3,187,500
-Facilities	385,000	232,000	213,000	220,000	385,000	1,435,000
-Parks	205,625	374,750	850,000	375,000	385,000	2,190,375
-Fleet Management	502,500	2,723,000	963,000	157,000	492,500	4,838,000
Capital Program Total	\$ 1,633,125	\$ 3,979,750	\$ 2,388,500	\$ 1,587,000	\$ 2,062,500	\$ 11,650,875
Water Fund Total	892,800	685,000	445,000	400,000	407,000	2,829,800
Sewer Fund Total	806,000	256,000	270,000	225,000	335,000	1,892,000
Total All Funds:	\$ 3,331,925	\$ 4,920,750	\$ 3,103,500	\$ 2,212,000	\$ 2,804,500	\$ 16,372,675

Source: City officials and the 2020 Adopted Budget.

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 as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Otsego	12/31/2018	\$ 5,489,315	\$ 4,489,315 ⁽²⁾	\$ 1,000,000	9.68%	\$ 96,800
School District:						
Oneonta	6/4/2020	26,621,994	19,300,946 ⁽³⁾	7,321,048	45.62%	3,339,862
					Total:	<u>\$ 3,436,662</u>

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

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

⁽³⁾ Estimated State Building Aid.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 for the County and Official Statement for the School District dated June 4, 2020.

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Debt Ratios

The following table sets forth certain ratios related to the City's indebtedness as of August 4, 2020.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness ^(c)	\$ 10,505,000	\$ 755.37	2.15%
Net Indebtedness ^(c)	6,689,431	481.01	1.37
Gross Indebtedness Plus Net Overlapping Indebtedness ^(d)	13,941,662	1,002.49	2.85
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	10,126,093	728.13	2.07

(a) The City's 2019 estimated population is 13,907. (See "THE CITY - Population Trends" herein.)

(b) The City's full valuation of taxable real estate for the 2020 fiscal year is \$489,385,053. (See "TAX INFORMATION - Taxable Valuations" herein.)

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

(d) The City's estimated applicable share of Net Overlapping Indebtedness is \$3,436,662. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond 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 in the event of a default in the payment of the principal of and interest on the Bonds.

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 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 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.

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

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

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

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

MARKET AND RISK FACTORS

The financial condition of the City as well as the market for the Bonds 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 or in other jurisdictions of 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. If a significant default or other financial crisis should occur in the affairs of the State or in other jurisdictions of the country 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, including the Bonds, could be adversely affected.

The City is dependent in significant part on financial assistance from the State. 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" herein).

COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease

caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Non-essential businesses in the State have begun to reopen under strict guidelines imposed by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds 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 and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E".

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. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. 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) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from 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 may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds 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. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds 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. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the

Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future 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 are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

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, if decided adversely to the City, are likely to have a material adverse effect on the financial condition of the City.

There are currently two pending actions in which the City is a named defendant, with slight, but possible financial implications. The first action relates to a fatality arising out of an arson case. The City has been named, together with others, by survivors of the victim, alleging failure of the City to properly enforce building codes as against the property owner. The second case relates to a pedestrian fatality that occurred on a New York State owned and controlled highway but which is located within the City boundaries. Both cases are being vigorously defended by the City's insurance carrier and it is the opinion of the City that even if there were a finding against the City, that any damages would be within the limits of current insurance coverage.

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 or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the City.

CONTINUING DISCLOSURE

In order to assist the Underwriter (as herein defined) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking, the summary of which is attached hereto as "APPENDIX – C".

Historical Compliance

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.

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. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to the Municipal Advisor may be partially contingent on the successful closing of the Bonds.

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

BOND RATING

The City applied to S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") for a rating on the Bonds. S&P has assigned their rating of "AA-" with a stable outlook to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and 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 outstanding bonds may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

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

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

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

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the City expresses an 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, 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, 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 by the City and may not be reproduced or used in whole or in part for any other purpose.

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

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

The City's contact information is as follows: Virginia M. Lee, Director of Finance, City of Oneonta, City Hall, 258 Main Street, Oneonta, New York 13820, Phone: (607) 432-0560, Telefax: (607) 433-3429, Email: vlee@oneonta.ny.us.

This Official Statement has been duly executed and delivered by the Director of Finance of the City of Oneonta, Otsego County, New York.

CITY OF ONEONTA

Dated: August 11, 2020

VIRGINIA M. LEE
Director of Finance & Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,845,246	\$ 5,611,814	\$ 4,005,196	\$ 7,123,250	\$ 7,613,363
Cash and Cash Equivalents - Restricted	2,329,321	2,376,293	4,676,407	5,379,552	5,683,847
Receivables:					
Taxes	6,519	6,519	-	-	-
Accounts	-	-	-	-	-
State and Federal	-	-	-	-	-
Other	247,330	329,939	327,038	274,820	318,318
Due from Other Governments	725,901	733,201	616,243	734,654	675,006
Due from Other Funds	1,652,381	2,099,236	2,495,869	98,713	137,032
Inventory	12,435	22,645	8,367	10,097	9,844
Prepaid Expenses	221,905	205,644	190,980	208,200	141,393
TOTAL ASSETS	<u><u>\$ 11,041,038</u></u>	<u><u>\$ 11,385,291</u></u>	<u><u>\$ 12,320,100</u></u>	<u><u>\$ 13,829,286</u></u>	<u><u>\$ 14,578,803</u></u>
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ 297,818	\$ 335,527	\$ 224,183	\$ 216,976	\$ 302,703
Accrued Liabilities	361,112	156,978	148,859	318,876	203,932
Customer deposits	9,650	2,200	2,000	925	-
Other Liabilities	-	-	-	-	-
Due to Other Funds	-	25,349	-	-	750
Due to Other Governments	1,835	1,008	1,916	1,312	1,333
Accrued Employee Compensated Absences	1,965	-	21,034	742	1,179
Deferred Revenue	188,462	197,213	215,014	645,998	226,519
Other Payable	-	-	377	-	402
TOTAL LIABILITIES	<u><u>860,842</u></u>	<u><u>718,275</u></u>	<u><u>613,383</u></u>	<u><u>1,184,829</u></u>	<u><u>736,818</u></u>
FUND EQUITY					
Nonspendable	\$ 234,339	\$ 228,290	\$ 199,347	\$ 218,297	\$ 151,237
Restricted	2,676,907	2,723,878	4,676,407	5,379,882	5,683,847
Unreserved:					
Assigned	422,274	187,178	270,539	199,143	208,543
Unassigned	6,846,676	7,527,670	6,560,424	6,847,135	7,798,358
TOTAL FUND EQUITY	<u><u>10,180,196</u></u>	<u><u>10,667,016</u></u>	<u><u>11,706,717</u></u>	<u><u>12,644,457</u></u>	<u><u>13,841,985</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 11,041,038</u></u>	<u><u>\$ 11,385,291</u></u>	<u><u>\$ 12,320,100</u></u>	<u><u>\$ 13,829,286</u></u>	<u><u>\$ 14,578,803</u></u>

Source: Audited financial reports of the City. Summary itself not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Real Property Taxes	\$ 4,445,816	\$ 4,515,615	\$ 4,563,588	\$ 4,595,050	\$ 4,591,764
Real Property Tax Items	99,777	102,559	129,750	138,030	170,818
Non-Property Tax Items	4,376,081	4,540,526	4,488,462	4,429,972	4,644,317
Departmental Income	1,318,426	1,387,752	1,496,531	1,354,279	1,367,107
Intergovernmental Charges	954,265	971,870	964,888	1,056,720	1,051,235
Use of Money & Property	53,640	34,016	38,354	35,298	55,450
Licenses and Permits	93,533	80,098	64,849	89,252	82,373
Fines and Forfeitures	295,787	231,909	256,190	224,713	202,770
Sale of Property and Compensation for Loss	99,158	16,984	51,685	60,438	124,721
Miscellaneous	193,462	131,682	102,971	118,507	89,596
Revenues from State Sources	2,421,631	2,441,071	2,662,750	2,425,168	2,867,476
Revenues from Federal Sources	6,603	2,127	33,195	65,747	69,520
Interfund Revenues	313,486	360,000	347,000	354,566	366,580
Total Revenues	<u>\$ 14,671,665</u>	<u>\$ 14,816,209</u>	<u>\$ 15,200,213</u>	<u>\$ 14,947,740</u>	<u>\$ 15,683,727</u>
EXPENDITURES					
General Government Support	\$ 2,684,969	\$ 2,607,516	\$ 2,746,364	\$ 2,577,817	\$ 2,659,961
Public Safety	6,553,547	6,578,051	6,545,741	6,874,632	6,878,248
Health	2,500	2,591	2,500	2,500	833
Transportation	1,839,875	1,743,790	1,614,041	1,350,941	1,783,918
Economic Assistance and Opportunity	25,986	21,516	16,174	9,238	18,497
Culture and Recreation	802,991	761,168	587,243	586,764	637,170
Home and Community Services	202,910	190,728	239,826	301,623	268,415
Employee Benefits	1,070,302	1,114,006	1,102,349	1,152,337	1,166,791
Debt Service	480,389	641,364	642,236	638,193	637,299
Total Expenditures	<u>\$ 13,663,469</u>	<u>\$ 13,660,730</u>	<u>\$ 13,496,474</u>	<u>\$ 13,494,045</u>	<u>\$ 14,051,132</u>
Excess of Revenues Over (Under) Expenditures	<u>1,008,196</u>	<u>1,155,479</u>	<u>1,703,739</u>	<u>1,453,695</u>	<u>1,632,595</u>
Other Financing Sources (Uses):					
Operating Transfers In	171,777	148,066	199,916	195,632	14,477
Operating Transfers Out	<u>(1,745,473)</u>	<u>(1,025,176)</u>	<u>(1,416,835)</u>	<u>(609,626)</u>	<u>(709,332)</u>
Total Other Financing	<u>(1,573,696)</u>	<u>(877,110)</u>	<u>(1,216,919)</u>	<u>(413,994)</u>	<u>(694,855)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(565,500)</u>	<u>278,369</u>	<u>486,820</u>	<u>1,039,701</u>	<u>937,740</u>
FUND BALANCE					
Fund Balance - Beginning of Year	10,467,327	9,901,827	10,180,196	10,667,016	11,706,717
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 9,901,827</u>	<u>\$ 10,180,196</u>	<u>\$ 10,667,016</u>	<u>\$ 11,706,717</u>	<u>\$ 12,644,457</u>

Source: Audited financial reports of the City. Summary itself not audited.

GENERAL FUND

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

Fiscal Years Ending December 31:

	2018			2019	2020
	Adopted Budget	Modified Budget	Actual Audited	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 4,676,252	\$ 4,676,252	\$ 4,676,252	\$ 4,676,252	\$ 4,758,086
Real Property Tax Items	169,000	169,000	176,101	169,000	215,000
Non-Property Tax Items	4,608,148	4,608,148	4,913,176	4,859,000	5,014,000
Departmental Income	1,381,500	1,414,000	1,478,153	1,352,500	1,591,300
Intergovernmental Charges	1,125,500	1,125,500	1,108,826	1,177,500	1,095,795
Use of Money & Property	39,200	39,200	119,127	60,200	150,150
Licenses and Permits	66,600	66,600	72,900	72,600	65,850
Fines and Forfeitures	225,000	225,000	247,763	215,000	200,000
Sale of Property and Compensation for Loss	16,500	16,500	82,394	12,500	25,000
Miscellaneous	10,500	14,500	79,008	65,500	10,500
Revenues from State Sources	2,489,577	2,499,411	2,692,921	2,617,597	2,432,397
Revenues from Federal Sources	2,575	2,575	2,715	-	-
Interfund Revenues	373,500	373,500	373,290	391,140	391,400
Total Revenues	\$ 15,183,852	\$ 15,230,186	\$ 16,022,626	\$ 15,668,789	\$ 15,949,478
EXPENDITURES					
General Government Support	\$ 3,043,855	\$ 2,975,895	\$ 2,760,975	\$ 3,078,940	\$ 3,133,755
Public Safety	7,119,324	7,985,291	6,992,758	7,173,904	7,695,890
Health	2,750	2,750	-	2,750	500
Transportation	1,594,505	2,082,963	1,776,054	2,015,146	2,289,073
Economic Assistance and Opportunity	19,750	38,750	30,618	19,500	14,450
Culture and Recreation	659,445	722,607	695,954	711,062	951,022
Home and Community Services	313,723	347,249	315,232	338,070	658,675
Employee Benefits	1,233,000	1,184,501	1,136,262	1,168,000	1,150,500
Debt Service	775,900	775,900	772,910	764,750	764,300
Total Expenditures	\$ 14,762,252	\$ 16,115,906	\$ 14,480,763	\$ 15,272,122	\$ 16,658,165
Excess of Revenues Over (Under) Expenditures	421,600	(885,720)	1,541,863	396,667	(708,687)
Other Financing Sources (Uses):					
Appropriated Reserves	-	-	-	88,333	803,334
Operating Transfers In	-	-	133,185	-	75,353
Operating Transfers Out	(735,000)	(668,377)	(477,520)	(615,000)	(500,000)
Total Other Financing	(735,000)	(668,377)	(344,335)	(526,667)	378,687
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(313,400)	(1,554,097)	1,197,528	(130,000)	(330,000)
FUND BALANCE					
Fund Balance - Beginning of Year	313,400	1,554,097	12,644,457	130,000	330,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 13,841,985	\$ -	\$ -

Source: 2018 Audited financial report and 2019 and 2020 budgets of the City. Summary itself not audited.

CHANGE IN FUND EQUITY

Fiscal Year Ending December 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>SPECIAL GRANT FUND</u>					
Fund Equity - Beginning of Year	\$ 135,926	\$ 253,372	\$ 361,542	\$ 458,864	\$ 399,350
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	596,228	956,004	1,427,265	1,877,771	997,871
Expenditures & Other Uses	478,782	847,834	1,329,943	1,937,285	1,043,526
Fund Equity - End of Year	\$ 253,372	\$ 361,542	\$ 458,864	\$ 399,350	\$ 353,695
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 742,403	\$ 788,970	\$ 786,594	\$ 872,489	\$ 855,891
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	1,985,636	2,056,401	2,042,164	2,308,366	2,362,761
Expenditures & Other Uses	1,939,069	2,058,777	1,956,269	2,324,964	2,276,856
Fund Equity - End of Year	\$ 788,970	\$ 786,594	\$ 872,489	\$ 855,891	\$ 941,796
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 1,039,135	\$ 1,222,656	\$ 1,273,868	\$ 1,149,188	\$ 1,475,594
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,296,375	2,306,356	2,210,910	2,104,704	2,158,969
Expenditures & Other Uses	2,112,854	2,255,144	2,335,590	1,778,298	2,013,768
Fund Equity - End of Year	\$ 1,222,656	\$ 1,273,868	\$ 1,149,188	\$ 1,475,594	\$ 1,620,795
<u>PUBLIC LIBRARY FUND</u>					
Fund Equity - Beginning of Year	\$ 462,307	\$ 464,053	\$ 475,300	\$ 301,853	\$ 292,608
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	690,883	764,530	678,084	798,824	870,768
Expenditures & Other Uses	689,137	753,283	851,531	808,069	810,704
Fund Equity - End of Year	\$ 464,053	\$ 475,300	\$ 301,853	\$ 292,608	\$ 352,672

Source: Audited financial reports and Annual Update Documents of the City. Summary itself not audited.

BONDED DEBT SERVICE

Fiscal Year Ending Dec 31st	Exlcuding the Bonds to be Issued			Principal of the Bonds	Total Principal All Bonds
	Principal	Interest	Total		
2020	\$ 1,055,000	\$ 350,469.25	\$ 1,405,469.25	\$ -	\$ 1,055,000
2021	1,055,000	321,790.40	1,376,790.40	124,000	1,179,000
2022	1,095,000	288,938.12	1,383,938.12	125,000	1,220,000
2023	865,000	258,258.14	1,123,258.14	130,000	995,000
2024	890,000	230,954.22	1,120,954.22	130,000	1,020,000
2025	795,000	203,750.00	998,750.00	135,000	930,000
2026	825,000	174,550.00	999,550.00	135,000	960,000
2027	855,000	142,950.00	997,950.00	140,000	995,000
2028	890,000	110,800.00	1,000,800.00	145,000	1,035,000
2029	790,000	80,050.00	870,050.00	145,000	935,000
2030	815,000	54,731.25	869,731.25	150,000	965,000
2031	645,000	35,362.50	680,362.50	150,000	795,000
2032	660,000	18,356.25	678,356.25	155,000	815,000
2033	325,000	4,875.00	329,875.00	160,000	485,000
2034	-	-	-	160,000	160,000
2035	-	-	-	165,000	165,000
2036	-	-	-	170,000	170,000
2037	-	-	-	175,000	175,000
2038	-	-	-	175,000	175,000
2039	-	-	-	180,000	180,000
2040	-	-	-	185,000	185,000
TOTALS	\$ 11,560,000	\$ 2,275,835.13	\$ 13,835,835.13	\$ 3,034,000	\$ 14,594,000

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2012E			2013B		
	EFC (Refinancing of 2002F)			EFC (Refinancing of 2003F)		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 100,000	\$ 29,953.72	\$ 129,953.72	\$ 55,000	\$ 6,493.02	\$ 61,493.02
2021	105,000	23,850.16	128,850.16	60,000	3,989.40	63,989.40
2022	110,000	17,280.04	127,280.04	60,000	1,336.20	61,336.20
2023	110,000	10,508.14	120,508.14	-	-	-
2024	115,000	3,554.22	118,554.22	-	-	-
TOTALS	\$ 540,000	\$ 85,146.28	\$ 625,146.28	\$ 175,000	\$ 11,818.62	\$ 186,818.62

Note: The interest listed above for the EFC financings does not include a subsidy credit.

Fiscal Year Ending Dec 31st	2005			2013 ⁽¹⁾		
	Construction & Reconstruction			Various Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 180,000	\$ 19,228.76	\$ 199,228.76	\$ 270,000	\$ 101,293.75	\$ 371,293.75
2021	185,000	11,836.26	196,836.26	275,000	95,503.13	370,503.13
2022	195,000	4,021.88	199,021.88	280,000	89,606.25	369,606.25
2023	-	-	-	290,000	83,550.00	373,550.00
2024	-	-	-	300,000	77,168.75	377,168.75
2025	-	-	-	305,000	70,437.50	375,437.50
2026	-	-	-	315,000	63,265.63	378,265.63
2027	-	-	-	320,000	55,525.00	375,525.00
2028	-	-	-	330,000	46,987.50	376,987.50
2029	-	-	-	340,000	37,350.00	377,350.00
2030	-	-	-	350,000	27,000.00	377,000.00
2031	-	-	-	360,000	16,350.00	376,350.00
2032	-	-	-	365,000	5,475.00	370,475.00
TOTALS	\$ 560,000	\$ 35,086.90	\$ 595,086.90	\$ 4,100,000	\$ 769,512.50	\$ 4,869,512.50

⁽¹⁾ Bonds maturing in the years 2021-2032 have been refunded with the proceeds of the 2020 refunding bonds and will be redeemed in full on September 4, 2020.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2017			2018		
	Various Improvements			Current Refunding of 2008 & 2010 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 230,000	\$ 97,300.00	\$ 327,300.00	\$ 220,000	\$ 96,200.00	\$ 316,200.00
2021	235,000	92,650.00	327,650.00	225,000	89,525.00	314,525.00
2022	240,000	87,900.00	327,900.00	240,000	82,550.00	322,550.00
2023	245,000	83,050.00	328,050.00	250,000	73,950.00	323,950.00
2024	250,000	78,100.00	328,100.00	255,000	63,850.00	318,850.00
2025	255,000	73,050.00	328,050.00	265,000	53,450.00	318,450.00
2026	265,000	66,525.00	331,525.00	270,000	42,075.00	312,075.00
2027	270,000	58,500.00	328,500.00	290,000	30,200.00	320,200.00
2028	280,000	50,250.00	330,250.00	300,000	18,400.00	318,400.00
2029	290,000	41,700.00	331,700.00	175,000	8,900.00	183,900.00
2030	300,000	32,850.00	332,850.00	180,000	2,700.00	182,700.00
2031	305,000	23,775.00	328,775.00	-	-	-
2032	315,000	14,475.00	329,475.00	-	-	-
2033	325,000	4,875.00	329,875.00	-	-	-
TOTALS	\$ 3,805,000	\$ 805,000.00	\$ 4,610,000.00	\$ 2,670,000	\$ 561,800.00	\$ 3,231,800.00

Fiscal Year Ending Dec 31st	2020		
	Refunding of 2013 Serial Bonds		
	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	245,000	99,939.58	344,939.58
2022	250,000	95,850.00	345,850.00
2023	260,000	90,750.00	350,750.00
2024	270,000	85,450.00	355,450.00
2025	275,000	77,250.00	352,250.00
2026	290,000	65,950.00	355,950.00
2027	295,000	54,250.00	349,250.00
2028	310,000	42,150.00	352,150.00
2029	325,000	29,450.00	354,450.00
2030	335,000	19,181.25	354,181.25
2031	340,000	11,587.50	351,587.50
2032	345,000	3,881.25	348,881.25
2033	-	-	-
TOTALS	\$ 3,540,000	\$ 675,689.58	\$ 4,215,689.58

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 August 11, 2020 of the City relating to the Bonds under the headings "THE CITY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDIX – C, D & E" 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, 2020, and (ii) a copy of the audited financial statements, 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, 2020; 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 or, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the City;

- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

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

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

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

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

CITY OF ONEONTA

AUDITED FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDING DECEMBER 31, 2018

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

City of Oneonta, New York

Financial Report

December 31, 2018

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Independent Auditor's Report

Mayor and Members of the Common Council
City of Oneonta, New York
Oneonta, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oneonta, New York (City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1t to the financial statements, in 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019, on our consideration of the City'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 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's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
September 20, 2019



City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

This section of the City of Oneonta, New York's (City) annual financial report presents its discussion and analysis of the City's financial performance during the year ended December 31, 2018. Please read it in conjunction with the City's financial statements, which immediately follow this section.

Summary

For the year ended December 31, 2018, the City continued to maintain a healthy and stable financial position. Despite challenges such as slow tax base growth and state mandates (i.e., the property tax cap), the City continues to remain fiscally diligent by closely monitoring revenues, controlling expenses, committing funds to capital reserves for future capital investment, and utilizing fund balance for one-time type expenditures.

In reviewing the attached financial statements, it is important to recognize critical steps the City has taken in recent years to improve its financial stability. These efforts have assisted in maintaining long-term financial solvency, while building fund balance and investing in capital equipment, facilities, and infrastructure. These points include:

- The utilization of a multi-year planning tool to forecast financial trends.
- Continued strength in unassigned fund balance and healthy operations in the general, water, and sewer funds.
- The commitment of surplus to reserve funds for one-time equipment purchases and infrastructure and facility improvements.
- The formal adoption of financial policies, including a Fund Balance Policy, Investment Policy, and Debt Management Policy.

Financial Highlights

- As of the close of the current year, the City's governmental funds reported a combined ending fund balance of \$22,565,672, an increase of \$150,819 in comparison with the prior year. The General Fund increased \$1,197,528, Special Revenue Funds increased \$258,458, the Capital Projects Fund decreased \$1,318,341 and the Debt Service Fund increased \$13,174.
- Once again, the City maintained compliance with the New York State Tax Cap provisions. The City's 2018 tax levy was \$4,676,252, an increase of \$84,488 (1.84%), however, the Library's 2018 tax levy was \$458,046, an increase of \$36,953 (8.78%). Refer to Note 11 for further information regarding property taxes.
- The City's total bonds payable decreased by \$1,100,000 during the current year. This decrease is a result of the 2018 principal payments of \$950,000 in addition to reducing the outstanding debt balance by \$150,000 resulting from the City issuing \$2,890,000 of Public Improvement Refunding (Serial) Bonds for the purpose of refunding the 2008 and 2010 Serial Bonds. This refinancing provided a total net present value savings of \$233,229.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Financial Highlights - Continued

- Following are the highlights for the total 2018 Capital Projects expenditures of \$3,123,371:
- | | |
|--|--------------|
| • Street projects | \$ 1,829,247 |
| • Electronic records management system implementation | 49,764 |
| • Installation of Kalwall Panels at the Public Safety Building | 111,714 |
| • Downtown Revitalization Initiative (DRI) projects | 108,000 |
| • Wastewater Treatment Plant Improvements | 506,399 |
| • Lower Reservoir Dam Improvements | 86,970 |
| • Parking Garage/Walkway Improvements | 117,988 |
| • Water main project from Main Street to East End Avenue | 93,004 |
| • Raw water transmission main improvement project | 119,106 |
| • Other | 101,179 |
- Funding of over \$1.1 million from federal and state grants was realized for various capital projects, including those indicated above.
- Community Development Grants: More than \$797,000 was received in grants with approximately \$109,000 being invested into public facilities capital projects and over \$671,000 being granted or loaned to home and business owners within the City.
- Capital Reserve Fund additions:
- General Fund:
- | | |
|-------------------------|------------|
| • Public Safety | \$ 150,000 |
| • Highway Equipment | 200,000 |
| • Streets and Sidewalks | 200,000 |
| • Insurance | 40,000 |
| • Water Fund Equipment | 100,000 |
| • Sewer Fund Equipment | 150,000 |
- Capital Reserve Fund expenditures:
- | | |
|------------------------------------|-----------|
| • Public Safety | \$ 68,130 |
| • Highway Equipment - General Fund | 65,251 |
| • Equipment - Water Fund | 59,793 |
| • Equipment - Sewer Fund | 26,493 |
- Capital Reserve Fund outstanding encumbrances
- General Fund:
- | | |
|------------------------|------------|
| • Public Safety | \$ 189,569 |
| • Highway Equipment | 235,055 |
| • Water Fund Equipment | 71,227 |
| • Sewer Fund Equipment | 71,227 |
- Other Reserves: The City has restricted donations reserved for the purchase of two ambulances. As of year-end, \$446,139 has been encumbered for said purchase, and the ambulances are expected to arrive in the fall of 2019.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Financial Highlights - Continued

- In 2018, the City received \$200,000 of New York State SUNY Impact Aid. This aid is to assist in the cost of public safety services in recognition of additional costs for such services for communities hosting a State University of New York College.
- The City presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis - For State and Local Governments*. In accordance with GASB 34, the City presents both its fund level statements and two additional statements, the statement of net position and the statement of activities, collectively referred to as the "government-wide" financial statements which are presented on the accrual basis of accounting. In addition, reconciliations of fund-based financial statements to the government-wide statements are included.

Overview of the Financial Statements

This annual report consists of three components: management's discussion and analysis (this narrative), the financial statements, including footnotes, and the required supplementary information. The financial statements include three statements that present different views of the City:

- The government-wide financial statements provide the City's information as a whole and present a longer-term view of the City's overall finances.
- The fund financial statements focus on individual components of the City, reporting the City's operations in more detail than the government-wide statements. The governmental fund statements report the services financed in the short term as well as what remains for future spending. The proprietary fund statements report the operations of those activities for which the City charges customers for the service it provides.
- Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that provide additional information that is essential to a full understanding of the data provided in the statements. The statements are followed by a required supplementary information section that further details and supports the financial statements.

Government-Wide Statements

The government-wide statements report the City's information as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the City from the economic resources measurement focus using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These statements also include all assets and liabilities of the City (including infrastructure and long-term debt).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government support, public safety, transportation, economic opportunity and development, culture and recreation, and home and community services. The business-type activity of the City is the public transit system.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Government-Wide Statements - Continued

The government-wide statements provide the City's *Statement of Net Position* and the *Statement of Activities*. Net position is the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources; this is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the City's overall health, one needs to consider additional non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure and other facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds - not the City as a whole. Some funds are required to be established by State law, while management establishes many other funds to help it control and manage money for a particular purpose. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for those services or activities that are provided by the City and are principally supported by taxes and intergovernmental revenues. The City also accounts for the Water and Sewer operations as governmental funds, even though these funds are financed principally through user fees.

The City maintains nine governmental funds: the General Fund, Capital Projects Fund, Permanent Fund, Debt Service Fund, and the Special Revenue Funds which consist of the Water, Sewer, Community Development, Library, and Miscellaneous Special Revenue Funds. Governmental fund balance sheets and statements of revenues, expenditures, and changes in fund balances are presented for all funds.

Proprietary funds: The City maintains two types of proprietary funds. The City uses an *Enterprise Fund* to account for its public transit operations. The *Internal Service Fund* is used to account for a central vehicle/equipment maintenance operation and a central supplies operation.

Fiduciary funds: Fiduciary funds are used to account for government-held resources that are not available to support the government's own programs, such as employee payroll deductions. The City utilizes an Agency Fund, which is a fiduciary fund, to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

Financial Analysis of the City as a Whole

In recent years the City has focused its efforts on proactive financial management and multi-year planning. Through these efforts, the City has committed to long-term financial stability and investments.

- **Annual Budget & Multi-Year Planning:** Through the utilization of multi-year planning, the City has maintained a responsible tax rate, achieving compliance with the New York State Tax Cap since its inception. The City continues to closely monitor expenditures and conservatively budget revenues. Identified surpluses are utilized to increase reserve fund balances for future investment in equipment and facility and infrastructure improvements.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Financial Analysis of the City as a Whole - Continued

➤ Annual Budget & Multi-Year Planning - Continued

The City's principal operating budgets, including general, water, and sewer, increased by \$1,742,908, or 8.7%, during the year. Appropriation increases were made to finance the items described in financial statement Note 2.a.vii. Comparisons of the amended budget with actual revenues and expenditures for the general fund can be found on page 17 of the financial statements and for other various funds in the supplementary information section of this report.

- Net Position: Net position of the City as a whole increased \$5,208,127 from net position of \$4,122,064 at December 31, 2017 (as restated) to \$9,330,191 at December 31, 2018. Net position of the City's governmental activities was restated from a previous balance of \$29,913,855 to \$3,172,616 as a result of adopting the provisions of GASB 75 relating to other postemployment benefits. The adoption of GASB 75 had no impact on the net position of the City's business-type activities.
- State Comptroller's Fiscal Stress Initiative: In 2013, the New York State Comptroller's Office implemented a system designed to monitor the financial condition of local governments based on both financial information and the external environment. Financial information considered includes year-end fund balances, operating surpluses/deficits, and fixed costs. External factors reviewed include population property values, employment, and sales tax revenue. In September 2017, the Comptroller's Office issued its most recent scoring with the City of Oneonta maintaining a "no-designation" classification. The classification substantiates the City's planning, budgeting, and fiscal management decisions.
- Capital Assets: The City's capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$50,561,838 (net of depreciation). Capital assets include land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. See financial statement Note 6 for a summary of the City's capital assets.
- Long-Term Debt: The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule where possible and funds a significant level of capital expenditures from current funds. The outstanding debt is backed by the full faith and credit of the City. See financial statement Note 9 for a summary of the City's indebtedness and the narrative within the Financial Highlights on page 4.

During 2018, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") upgraded the City's municipal bond rating of "A+" to "AA-," with a stable outlook.

- Statutory Limits on Real Property Tax and Debt: The New York State Constitution restricts the annual real property tax levy for operating expenses to 2% of the average full value of taxable City property over the last five years. For the year ended December 31, 2018, the City had a legal margin of approximately \$5,881,003, or 61.85% of its taxing power remaining.

The Constitution also imposes a debt limit of 7% of the most recent five-year average of full valuation of taxable real estate. As of December 31, 2018, the City had a debt margin of approximately \$25,061,842, or 75.31% of its borrowing power remaining.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Financial Analysis of the Governmental Funds

The year ended December 31, 2018 concluded with an unassigned fund balance of \$7,424,183 after restrictions and assignments for encumbrances, reserves, and other fund balance commitments.

As further detailed in Notes 1q and 12, governmental fund balances are reported based upon the extent to which the City is bound to observe constraints imposed upon the use of the resources. Total governmental fund balances with constraints are as follows:

Nonspendable	\$ 1,674,917
Restricted	11,139,652
Committed	1,034,029
Assigned	1,292,891

General Fund: The General Fund is the principal operating fund of the City. As of December 31, 2018, the unassigned fund balance of the General Fund was \$7,798,358, an increase of \$951,223 (13.89%) from the previous year, while the total fund balance was \$13,841,985, an increase of \$1,197,528 (9.47%) from the previous year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and operating transfers out. Unassigned fund balances represent 52.13% of that amount. The City utilizes a conservative budgeting approach to revenues and expenditures, and practices consistent expenditure controls.

Capital Projects Fund: The Capital Projects Fund accounts for the construction and reconstruction of public improvements. At the end of the current year, the fund balance was \$3,602,946; this is comprised of \$2,180,131 reserved for a library building project, and a fund balance for all other projects equaling a net of \$1,422,815, consisting primarily of various City property/buildings, street, and park projects, with over \$1.3 million being for the water main from Main Street to East End Avenue project.

Permanent Fund: The Permanent Fund is the primary account for the donation restricted for the "beautification of and non-sports development" of the City Parks, "particularly planting, care and replacement of trees, shrubs, lawns and flowers." The donation must remain intact, and the interest earned supports the Miscellaneous Revenue Fund established to support the donor's request.

Debt Service Fund: The Debt Service Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt Service Funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Water Fund: The Water Fund is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council. At the end of the current year, the undesignated fund balance was \$613,039 with the total fund balance being \$941,796, an increase of \$85,905 from the previous year.

Sewer Fund: The Sewer Fund is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council. At the end of the current year, the restricted fund balance was \$831,293 with the total fund balance being \$1,620,795, an increase of \$145,201.

City of Oneonta, New York

Management's Discussion and Analysis December 31, 2018

Financial Analysis of the Governmental Funds - Continued

Community Development Special Revenue Fund: The Community Development Block Grant Fund is a Special Revenue Fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. At the end of the current year, the fund balance was \$353,695.

Miscellaneous Special Revenue Fund: The Miscellaneous Special Revenue Fund is used to account for restricted donations, or assigned funds authorized by the Common Council, which benefit the government or its citizenry. As of the end of the current year, the fund balance consists of the following designations:

- Swart Wilcox - \$83,694
- Parks - \$22,638
- Susquehanna Greenway - \$87,771
- Park Roads - \$6,186
- Community Landscaping - \$70,861
- Youth Programs - \$17,530
- Korean War Memorial - \$3,991
- Animal Shelter - \$9,666
- Trainman Veteran Monument - \$1,517
- Allison Building - \$2,477

Library Fund: As detailed in Note 1b, the Library Fund is included as a Special Revenue Fund due to the determination that the Huntington Memorial Library is a component unit of the City. This fund accounts for the revenue and expenditures recognized in the operation of the Library. As of the end of the current year, the undesignated fund balance was \$312,677 with the total fund balance being \$352,672, an increase of \$60,064.

Proprietary Funds: The net position of the proprietary funds at the end of the current year totaled \$4,803,417, an increase from the previous year of \$3,752,574.

Grants

The City has been fortunate to be awarded several grants which provide great benefits to the community and its residents and business owners. Currently, the City is administering over \$26 million in grant awards. In 2016, the City was selected by the State of New York to receive a \$10 million award for the Downtown Revitalization Initiative (DRI). This award provides the financial resources to bring the community's transformational strategies to fruition, elevating Downtown Oneonta. Currently, DRI grants totaling \$2.3 million will be awarded to approximately sixty (60) downtown property owners or businesses. The City is also administering grants from various State and Federal agencies, such as the Office of Community Renewal, NYS Department of Transportation, Federal Aviation Administration, RESTORE NY, State and Municipal Facilities Program, the NYS Environmental Facilities Corporation (NYSEFC) Clean Water Revolving Fund, Department of Environmental Conservation, and the NYS Department of Agriculture and Markets.

Requests for Information

This financial report is designed to provide a general overview of the City of Oneonta, New York's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to: Director of Finance, 258 Main Street, Oneonta, New York 13820.

City of Oneonta, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2018		
	Governmental Activities	Business-type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 8,414,398	\$ 428,363	\$ 8,842,761
Cash and cash equivalents, restricted	11,238,716	99,473	11,338,189
Investments, restricted	1,495,012	-	1,495,012
Loans receivable, less allowance for uncollectible	1,213,135	-	1,213,135
Other receivables, less allowance for uncollectible	1,456,941	43,541	1,500,482
Due from other governments	2,475,076	31,123	2,506,199
Inventory	125,912	126,073	251,985
Prepaid expenses	172,294	3,351	175,645
Other assets	370,100	-	370,100
Total current assets	26,961,584	731,924	27,693,508
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	46,252,059	4,309,779	50,561,838
Total assets	73,213,643	5,041,703	78,255,346
DEFERRED OUTFLOWS OF RESOURCES			
Pension resources	4,169,175	192,373	4,361,548
Total assets and deferred outflows of resources	77,382,818	5,234,076	82,616,894
LIABILITIES			
Accounts payable	1,567,260	31,011	1,598,271
Accrued liabilities	236,666	15,831	252,497
Due to other governments	1,333	220,506	221,839
Other payables	614	-	614
Bond interest payable	110,466	-	110,466
Current maturities of long-term liabilities	1,268,874	-	1,268,874
Total current liabilities	3,185,213	267,348	3,452,561
NONCURRENT LIABILITIES			
Bonds payable	11,850,000	-	11,850,000
Premiums on bonds payable	136,364	-	136,364
Installment purchase debt	2,048,106	-	2,048,106
Net pension liability	1,449,718	66,687	1,516,405
Accrued compensated absences	530,026	21,281	551,307
Other postemployment benefits	44,169,550	-	44,169,550
Judgments and claims payable	20,000	-	20,000
Total liabilities	63,388,977	355,316	63,744,293
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax resources	210,109	-	210,109
Other unavailable resources	1,599,645	-	1,599,645
Other postemployment benefits resources	3,817,447	-	3,817,447
Pension resources	3,740,808	174,401	3,915,209
Total liabilities and deferred inflows of resources	72,756,986	529,717	73,286,703
NET POSITION			
Net investment in capital assets	30,948,715	4,309,779	35,258,494
Restricted for			
Bonded debt	46,710	-	46,710
Capital	6,359,324	99,473	6,458,797
Capital, library	1,691,565	-	1,691,565
Insurance	40,000	-	40,000
Crime proceeds	42,694	-	42,694
DBL awareness	15,156	-	15,156
Employee benefits	445,886	-	445,886
EMS education	13,052	-	13,052
Grant programs	284,009	-	284,009
Repairs	309,873	-	309,873
Restricted gifts	632,478	-	632,478
Sewer operations	831,293	-	831,293
Parks and recreation	414,678	-	414,678
Special event	12,934	-	12,934
Internal service central garage	99,058	-	99,058
Unrestricted	(37,561,593)	295,107	(37,266,486)
Total net position	\$ 4,625,832	\$ 4,704,359	\$ 9,330,191

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2018							
Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General governmental support	\$ 3,437,426	\$ 577,098	\$ 83,717	\$ 53,135	\$ (2,723,476)	\$ -	\$ (2,723,476)
Public safety	8,574,521	2,594,362	282,739	-	(5,697,420)	-	(5,697,420)
Transportation	3,458,903	108,062	24,148	890,104	(2,436,589)	-	(2,436,589)
Economic opportunity and development	138,618	12,000	108,000	-	(18,618)	-	(18,618)
Culture and recreation	1,860,292	145,388	365,333	-	(1,349,571)	-	(1,349,571)
Home and community services	5,093,518	5,364,213	70,238	940,212	1,281,145	-	1,281,145
Interest on long-term debt	509,741	-	-	-	(509,741)	-	(509,741)
Total governmental activities	23,073,019	8,801,123	934,175	1,883,451	(11,454,270)	-	(11,454,270)
BUSINESS-TYPE ACTIVITIES							
Public transportation	2,189,730	752,613	1,061,484	4,080,981	-	3,705,348	3,705,348
Total government	\$ 25,262,749	\$ 9,553,736	\$ 1,995,659	\$ 5,964,432	\$ (11,454,270)	\$ 3,705,348	\$ (7,748,922)
GENERAL REVENUES							
Real property tax and related tax items					\$ 5,310,399	\$ -	\$ 5,310,399
Sales tax					4,684,706	-	4,684,706
Non-property tax items					238,270	-	238,270
Interest earnings					52,912	-	52,912
Miscellaneous					236,773	40,043	276,816
State revenue sharing					2,231,857	-	2,231,857
Mortgage tax					162,089	-	162,089
Total general revenues					12,917,006	40,043	12,957,049
TRANSFERS							
Transfer from governmental to business-type activities					(9,520)	9,520	-
Total general revenues and transfers					12,907,486	49,563	12,957,049
CHANGE IN NET POSITION					1,453,216	3,754,911	5,208,127
NET POSITION, beginning of year, as previously stated					29,913,855	949,448	30,863,303
Adjustment for adoption of GASB 75					(26,741,239)	-	(26,741,239)
NET POSITION, beginning of year, as restated					3,172,616	949,448	4,122,064
NET POSITION, end of year					\$ 4,625,832	\$ 4,704,359	\$ 9,330,191

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Balance Sheet - Governmental Funds

	December 31, 2018					
	Major Funds				Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
ASSETS						
Cash and cash equivalents	\$ 7,613,363	\$ -	\$ -	\$ -	\$ 801,035	\$ 8,414,398
Cash and cash equivalents, restricted	5,683,847	3,306,929	354,403	46,710	1,846,827	11,238,716
Investments, restricted	-	-	-	-	1,495,012	1,495,012
Loans receivable, less allowance for uncollectible	-	-	1,213,135	-	-	1,213,135
Other receivables, less allowance for uncollectible	318,318	-	-	-	420,423	738,741
Due from other governments	675,006	1,305,561	104,354	-	359,155	2,444,076
Due from other funds	137,032	8,505	750	-	-	146,287
Inventory	9,844	-	-	-	-	9,844
Prepaid expenses	141,393	-	-	-	24,938	166,331
Other assets	-	-	370,100	-	-	370,100
Total assets	\$ 14,578,803	\$ 4,620,995	\$ 2,042,742	\$ 46,710	\$ 4,947,390	\$ 26,236,640
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 302,703	\$ 1,018,049	\$ 29,817	\$ -	\$ 200,918	\$ 1,551,487
Accrued liabilities	203,932	-	-	-	25,924	229,856
Due to other funds	750	-	75,995	-	-	76,745
Due to other governments	1,333	-	-	-	-	1,333
Accrued compensated absences	1,179	-	-	-	-	1,179
Other payables	402	-	-	-	212	614
	<u>510,299</u>	<u>1,018,049</u>	<u>105,812</u>	<u>-</u>	<u>227,054</u>	<u>1,861,214</u>
Deferred inflows of resources						
Unavailable tax resources	210,109	-	-	-	-	210,109
Other unavailable resources	16,410	-	1,583,235	-	-	1,599,645
	<u>226,519</u>	<u>-</u>	<u>1,583,235</u>	<u>-</u>	<u>-</u>	<u>1,809,754</u>
Total liabilities and deferred inflows of resources	736,818	1,018,049	1,689,047	-	227,054	3,670,968
Fund balances						
Nonspendable	151,237	-	-	-	1,523,680	1,674,917
Restricted	5,683,847	3,012,778	284,009	46,710	2,112,308	11,139,652
Committed	-	964,343	69,686	-	-	1,034,029
Assigned	208,543	-	-	-	1,084,348	1,292,891
Unassigned	7,798,358	(374,175)	-	-	-	7,424,183
Total fund balances	13,841,985	3,602,946	353,695	46,710	4,720,336	22,565,672
Total liabilities and fund balances	\$ 14,578,803	\$ 4,620,995	\$ 2,042,742	\$ 46,710	\$ 4,947,390	\$ 26,236,640

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements - Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	December 31, 2018
Total fund balances in the fund financial statements for the governmental funds	\$ 22,565,672
This amount differs from amounts reported for governmental activities due to the following:	
Capital assets are included as assets, net of accumulated depreciation	46,160,147
Receivables for revenues earned, measurable but not available to provide current financial resources, are included in the government-wide financial statements	749,200
Deferred outflows of resources and inflows of resources related to other postemployment benefits and the net pension liability are excluded from the governmental funds and are reported within governmental activities	
Deferred inflows - other postemployment benefits	(3,817,447)
Deferred outflows - pension contributions subsequent to measurement date	1,125,139
Deferred outflows - pension resources	2,945,526
Deferred inflows - pension resources	(3,651,501)
Long-term liabilities for bonded debt	(12,880,000)
Long-term liabilities for the installment purchase debt by the City	(2,273,344)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Bond premium	(150,000)
Long-term liabilities for other postemployment benefit obligations	(44,169,550)
Long-term liabilities for pension obligations	(1,440,347)
Long-term liabilities for judgments and claims	(20,000)
Other current liabilities for compensated absences	(506,255)
Interest payable on long-term debt	(110,466)
The internal service fund is used by management to account for a central vehicle/equipment maintenance operation and a central supplies operation. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	99,058
Net position of governmental activities	<u>\$ 4,625,832</u>

City of Oneonta, New York

Fund Financial Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended December 31, 2018					
	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
REVENUES						
Real property taxes	\$ 4,676,252	\$ -	\$ -	\$ -	\$ 458,046	\$ 5,134,298
Real property tax items	176,101	-	-	-	-	176,101
Non-property tax items	4,913,176	-	-	-	-	4,913,176
Departmental income	1,478,153	-	200,001	-	4,103,761	5,781,915
Intergovernmental charges	1,108,826	-	-	-	335,917	1,444,743
Use of money and property	119,127	20,270	27	-	39,407	178,831
Licenses and permits	72,900	-	-	-	-	72,900
Fines and forfeitures	247,763	-	-	-	-	247,763
Sale of property and compensation for loss	82,394	-	-	-	114,302	196,696
Miscellaneous local sources	79,008	-	-	223,485	352,973	655,466
State aid	2,692,921	1,138,150	193,027	-	77,832	4,101,930
Federal aid	2,715	52,087	604,816	-	-	659,618
Interfund revenues	373,290	-	-	-	-	373,290
Total revenues	<u>16,022,626</u>	<u>1,210,507</u>	<u>997,871</u>	<u>223,485</u>	<u>5,482,238</u>	<u>23,936,727</u>
EXPENDITURES						
General government support	2,760,975	161,651	-	71,533	134,965	3,129,124
Public safety	6,992,758	-	-	-	-	6,992,758
Transportation	1,776,054	2,009,929	-	-	-	3,785,983
Economic opportunity and development	30,618	108,000	-	-	-	138,618
Culture and recreation	695,954	20,602	-	-	817,168	1,533,724
Home and community services	315,232	823,189	934,556	-	2,971,444	5,044,421
Benefits	1,136,262	-	-	-	184,127	1,320,389
Debt service, principal	536,734	-	-	3,040,000	632,283	4,209,017
Debt service, interest	236,176	-	-	-	276,178	512,354
Total expenditures	<u>14,480,763</u>	<u>3,123,371</u>	<u>934,556</u>	<u>3,111,533</u>	<u>5,016,165</u>	<u>26,666,388</u>
Excess (deficiency) of revenues over expenditures	<u>1,541,863</u>	<u>(1,912,864)</u>	<u>63,315</u>	<u>(2,888,048)</u>	<u>466,073</u>	<u>(2,729,661)</u>
OTHER FINANCING SOURCES (USES)						
Current refunding bonds	-	-	-	2,890,000	-	2,890,000
Operating transfers in	133,185	730,925	-	46,710	13,995	924,815
Operating transfers out	(477,520)	(136,402)	(108,970)	(35,488)	(175,955)	(934,335)
Total other financing sources (uses)	<u>(344,335)</u>	<u>594,523</u>	<u>(108,970)</u>	<u>2,901,222</u>	<u>(161,960)</u>	<u>2,880,480</u>
NET CHANGE IN FUND BALANCES	<u>1,197,528</u>	<u>(1,318,341)</u>	<u>(45,655)</u>	<u>13,174</u>	<u>304,113</u>	<u>150,819</u>
FUND BALANCES, beginning of year	<u>12,644,457</u>	<u>4,921,287</u>	<u>399,350</u>	<u>33,536</u>	<u>4,416,223</u>	<u>22,414,853</u>
FUND BALANCES, end of year	<u>\$ 13,841,985</u>	<u>\$ 3,602,946</u>	<u>\$ 353,695</u>	<u>\$ 46,710</u>	<u>\$ 4,720,336</u>	<u>\$ 22,565,672</u>

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

	Year Ended December 31, 2018
Net change in fund balances shown for total governmental funds	\$ 150,819
This amount differs from the change in net position shown in the statement of activities because of the following:	
Receivables for revenues earned, measurable but not available to provide current financial resources, are included in the government-wide financial statements	749,200
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period:	
Capital expenditures	3,364,004
Depreciation expense	<u>(3,127,291)</u> 236,713
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	3,990,000
Proceeds from the issuance of new debt, including proceeds from refunding bonds and premiums, are included in the statement of revenues, expenditures, and changes in fund balance as revenue, but included in the statement of net position as a long-term liability	(3,040,000)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related deferred outflows and inflows represent long-term activity and are not reported in the funds:	
Net pension liability	1,888,465
Deferred outflows of resources - pension related	764,696
Deferred inflows of resources - pension related	(2,053,421)
Compensated absences	(4,801)
Installment purchase debt	219,017
Accrued interest	2,613
Judgments and claims payable	20,000
Other postemployment benefits	(1,467,748)
The internal service fund is used by management to account for a central vehicle/equipment maintenance operation and a central supplies operation. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>(2,337)</u>
Change in net position of governmental activities	<u>\$ 1,453,216</u>

City of Oneonta, New York

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended December 31, 2018				
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
REVENUES					
Real property taxes	\$ 4,676,252	\$ 4,676,252	\$ -	\$ -	\$ 4,676,252
Real property tax items	169,000	169,000	-	7,101	169,000
Non-property tax items	4,608,148	4,608,148	-	305,028	4,859,000
Departmental income	1,381,500	1,414,000	32,500	64,153	1,352,500
Intergovernmental charges	1,125,500	1,125,500	-	(16,674)	1,177,500
Use of money and property	39,200	39,200	-	79,927	60,200
Licenses and permits	66,600	66,600	-	6,300	72,600
Fines and forfeitures	225,000	225,000	-	22,763	215,000
Sale of property and compensation for loss	16,500	16,500	-	65,894	12,500
Miscellaneous local sources	10,500	14,500	4,000	64,508	65,500
Interfund revenues	373,500	373,500	-	(210)	391,140
State aid	2,489,577	2,499,411	9,834	193,510	2,617,597
Federal aid	2,575	2,575	-	140	-
Total revenues	15,183,852	15,230,186	46,334	792,440	15,668,789
EXPENDITURES					
General government support	3,043,855	2,975,895	67,960	214,920	3,078,940
Public safety	7,119,324	7,985,291	(865,967)	992,533	7,173,904
Public health	2,750	2,750	-	2,750	2,750
Transportation	1,594,505	2,082,963	(488,458)	306,909	2,015,146
Economic opportunity and development	19,750	38,750	(19,000)	8,132	19,500
Culture and recreation	659,445	722,607	(63,162)	26,653	711,062
Home and community services	313,723	347,249	(33,526)	32,017	338,070
Benefits	1,233,000	1,184,501	48,499	48,239	1,168,000
Debt service, principal	536,800	536,800	-	66	574,850
Debt service, interest	239,100	239,100	-	2,924	189,900
Total expenditures	14,762,252	16,115,906	(1,353,654)	1,635,143	15,272,122
Excess (deficiency) of revenues over expenditures	421,600	(885,720)	(1,307,320)	2,427,583	396,667
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	133,185	391,140
Operating transfers out	(735,000)	(668,377)	66,623	(190,857)	(615,000)
Total other financing sources (uses)	(735,000)	(668,377)	66,623	(57,672)	(223,860)
Net change in fund balance	(313,400)	(1,554,097)	(1,240,697)	2,369,911	172,807
FUND BALANCE, beginning of year	12,644,457	12,644,457	-	-	13,821,985
FUND BALANCE, end of year	\$ 12,331,057	\$ 11,090,360	\$ (1,240,697)	\$ 2,369,911	\$ 13,994,792

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2018	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 428,363	\$ -
Cash and cash equivalents, restricted	99,473	-
Other receivables, less allowance for uncollectible	43,541	-
Inventory	-	242,141
Due from other governments	31,123	-
Prepaid expenses	3,351	5,963
	<u>605,851</u>	<u>248,104</u>
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	4,309,779	91,912
Total assets	<u>4,915,630</u>	<u>340,016</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension resources	<u>192,373</u>	<u>98,510</u>
Total assets and deferred outflows of resources	<u>5,108,003</u>	<u>438,526</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	31,011	15,773
Accrued liabilities	15,831	6,810
Due to other funds	-	69,542
Due to other governments	220,506	-
Total current liabilities	<u>267,348</u>	<u>92,125</u>
NONCURRENT LIABILITIES		
Net pension liability	66,687	9,371
Accrued compensated absences	21,281	22,592
Total liabilities	<u>355,316</u>	<u>124,088</u>
DEFERRED INFLOWS OF RESOURCES		
Pension resources and other	<u>174,401</u>	<u>89,307</u>
Total liabilities and deferred inflows of resources	<u>529,717</u>	<u>213,395</u>
NET POSITION		
Net investment in capital assets	4,309,779	91,912
Restricted	99,473	-
Unrestricted	<u>169,034</u>	<u>133,219</u>
Total net position	<u>4,578,286</u>	<u>\$ 225,131</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>126,073</u>	
Net position of business-type activities	<u>\$ 4,704,359</u>	

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

	Year Ended December 31, 2018	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
OPERATING REVENUES		
Charges for services	\$ 752,613	\$ 512,270
State aid	1,021,781	-
Federal aid	14,394	-
Total operating revenues	1,788,788	512,270
OPERATING EXPENSES		
Personal service	776,614	253,769
Benefits	263,813	112,030
Contractual expense	809,369	121,919
Depreciation	336,959	34,220
Total operating expenses	2,186,755	521,938
Operating loss	(397,967)	(9,668)
NONOPERATING REVENUES		
Other revenue	339,551	4,355
State aid capital	630,458	-
Federal aid capital	3,176,325	-
Total nonoperating revenues	4,146,334	4,355
Income (loss) before transfer	3,748,367	(5,313)
Transfer from governmental funds	9,520	-
CHANGE IN NET POSITION	3,757,887	(5,313)
NET POSITION, <i>beginning of year</i>	820,399	230,444
NET POSITION, <i>end of year</i>	\$ 4,578,286	\$ 225,131
CHANGE IN NET POSITION	\$ 3,757,887	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(2,976)	
CHANGE IN NET POSITION, business-type activities	\$ 3,754,911	

City of Oneonta, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2018	
	Business-type Activities	Governmental Activities
	Public Transportation Enterprise Fund	Internal Service Central Garage
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from providing services	\$ 749,046	\$ 512,270
Cash paid for contractual expenses	(864,788)	(121,745)
Cash paid for personal services and employee benefits	(984,343)	(365,709)
Cash received from other operating sources	1,037,655	-
	(62,430)	24,816
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES		
Repayment of advances from other funds, net	-	(29,171)
Receipt of transfers from other funds	9,520	-
Receipts from other sources	21,669	4,040
	31,189	(25,131)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Increase in restricted cash	(64,573)	-
Purchase of fixed assets	(4,025,711)	-
Capital contributed by other sources	6,760	-
Capital grants received from other governments	4,107,302	-
Proceeds from sale of assets	9,608	315
	33,386	315
Net increase in cash and cash equivalents	2,145	-
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	426,218	-
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 428,363	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (397,967)	\$ (9,668)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	336,959	34,220
(Increase) decrease in		
Other receivables	130	1,967
Federal and state receivables	3,375	-
Deferred outflows	15,207	(32,482)
Inventory	-	10,244
Prepaid expenses	(79)	(39)
Increase (decrease) in		
Accounts payable and accrued liabilities	(52,497)	(8,881)
Due to other governments	(1,896)	-
Net pension liability	(100,040)	(51,228)
Deferred inflows	137,202	77,474
Deferred revenues	(3,697)	-
Accrued compensated absences	873	3,209
	\$ (62,430)	\$ 24,816

See accompanying Notes to Financial Statements.

City of Oneonta, New York

Fund Financial Statements Statement of Fiduciary Net Position - Fiduciary Funds

	December 31, 2018
	Agency Fund
ASSETS	
Cash and equivalents, restricted	<u>\$ 20,538</u>
LIABILITIES	
Accrued liabilities	4,389
Customer deposits	2,700
Due to other governments	8,789
Other payables	<u>4,660</u>
Total liabilities	<u>\$ 20,538</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies

The financial statements of the City of Oneonta, New York (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Organization

The City was incorporated during 1908 in the County of Otsego. The City is governed by an elected Mayor and Common Council. In addition, the City employs a City Manager who is responsible for the daily administration of the City. The City provides general government support, water and sewer services, police and fire protection, transportation, economic assistance and opportunity, culture and recreation, and home and community services.

All governmental activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity with the exception of the Huntington Memorial Library as discussed below.

b. Financial Reporting Entity

The financial reporting entity consists of: (a) the primary government which is the City of Oneonta, (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 by GASB.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Huntington Memorial Library (Library) has been included within the reporting entity as a Special Revenue Fund. This Special Revenue Fund accounts for the revenue and expenditures recognized in the operation of the Library. The Library was originally established in 1893 as the Oneonta Public Library and granted a charter by the State Board of Regents as provided in Article 5 of Education Law. The affairs of the Library were included in the legislation in 1908 that incorporated the City. Actions by the Regents of the State in 1921 and by the Legislature of the State in 1922 changed the name of the Library to the Huntington Memorial Library. The City appoints trustees; levies and collects the taxes for Library purposes; has title to the real property used by the Library; and issues all Library indebtedness which is supported by the full faith and credit of the City.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Financial Reporting Entity - Continued

The following organizations are not part of the City and are thus excluded from the City's financial reporting entity:

i. City School District of the City of Oneonta

The School District was established by an act of the State Legislature which designated a School Board as the governing authority. Members of the School Board are elected directly by the qualified voters of the district. The School Board has responsibility for adopting budgets, levying property taxes, and hiring and firing employees. The operating, debt service, and capital expenditure budgets are financed from taxes levied by the School Board. The School District also receives substantial funds from the state and federal governments and other revenue sources.

ii. The Oneonta Housing Authority

The Oneonta Housing Authority (Authority) was created during 1967 pursuant to an act of the State Legislature, Public Housing Law, Article 13, Title 19. This act provides for the following:

- 1) The purpose of the Authority shall be to implement federal and state housing programs and to provide decent sanitary housing for families of low income.
- 2) The Authority shall be perpetual in duration, and its governing Board shall consist of seven members, five of whom are appointed for staggered five-year terms by the Mayor and two of whom are elected by the residents of the Authority's housing projects for terms of two years.

Specific reasons for excluding the Authority from the City's financial reporting entity are as follows: the Authority controls employment of its personnel; the City has no influence over operations; the City has no budgetary authority; the City has no responsibility for the Authority's debt; the Authority controls fiscal management; and no part of the Authority's financing is provided by the City.

A summary of the City's significant accounting policies is as follows:

c. Government-Wide and Fund Financial Statements

The governmental reporting model has the following sections: Management's Discussion and Analysis, Government-Wide Financial Statements, and Fund Financial Statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Government-Wide and Fund Financial Statements - Continued

The statement of net position presents the financial condition of the City's activities at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity and identifies the amount of general revenues needed to help finance the specific activities.

Fund accounting is designed to demonstrate legal compliance and to segregate transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and applicable fiduciary fund financial statements. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This measurement focus and basis of accounting are similar to private sector reporting.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current position.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual, which is when they become both measurable and available. "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay current liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected generally within 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, sales taxes, and certain intergovernmental revenues are considered to be susceptible to accrual and so have been recognized in the fund financial statements as revenues of the current year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available generally when the City receives cash for these revenues, such as fines, permits, and other miscellaneous collections.

The City reports deferred outflows and inflows of resources for items related to the net pension liability; and deferred inflows of resources related to the other postemployment benefits liability, and for certain revenues other than property taxes.

Governmental fund expenditures are recorded when the fund liability is incurred except that:

- Principal and interest on indebtedness as well as expenditures related to compensated absences and claims and judgments are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.
- Judgements and claims are recorded only when payment is due.

e. Fund Accounting

The City's fund types are as follows:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The City's governmental funds are as follows:

General Fund - is the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes and the specific revenue sources continue to make up a substantial portion of the inflows reported in the fund. Also, there must be an understanding that money collected will be used for the fund's operations as stated in the charter, local law, or other document. The City's Special Revenue Funds are the:

Community Development Fund - is used to account for Community Development grants, local programs, and related activities.

Water Fund - is used to account for the provision of water services to the citizenry, funded by user fees based on water rates approved by the Common Council.

Sewer Fund - is used to account for the provision of sewer services to the citizenry, funded by user fees based on sewer rates approved by the Common Council.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Accounting - Continued

Special Revenue Funds - Continued

Library Fund - is used to account for the operation of the public library.

Miscellaneous Special Revenue Fund - is used to account for restricted donations, or assigned funds authorized by Council, which benefit the government or its citizenry.

Capital Projects Fund - is used to account for financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of major capital facilities/assets other than those financed by the Enterprise or Internal Service funds.

Debt Service Fund - is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

Permanent Fund - is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that benefit the government or its citizenry.

Proprietary Funds represent the City's business-type activities and include enterprise funds and Internal Service Funds. Enterprise funds are used to report activities for which fees are charged to external customers for goods and services provided. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following proprietary funds:

Enterprise Fund - Public Transportation - is used to account for the operation of the public transit system. The public transit system is primarily financed through state and federal aid. This would normally classify the public transit fund as a governmental fund. Since depreciation expense is an eligible cost for receiving the state and federal aid and fees are collected for use of the transit system, the City chooses to report the public transit fund as a proprietary fund.

Internal Service Fund - Central Garage - is used to account for the vehicle/equipment maintenance and repairs provided by the Central Garage to other departments. This fund is designed to serve as a cost-allocation device. The role of the Internal Service Fund is to accumulate the costs associated with providing vehicle/equipment maintenance and then charge those departments for the service of maintaining the vehicles/equipment associated with that department.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Accounting - Continued

Fiduciary Funds are used to report resources that are held by the City in a trustee or agency capacity for others and cannot be used to support the City's own programs. The City maintains agency funds to account for assets that the City holds on behalf of others as their agent.

The City reports the following fiduciary fund:

Agency Fund - is a fiduciary fund used to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

f. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

g. Cash, Cash Equivalents, and Investments

Cash resources of the individual funds are combined in a non-interest-bearing checking account and various interest-bearing demand, time deposits, and cash equivalents which are managed by the Director of Finance. Interest earned on deposits is allocated to the participating funds based on the average monthly balance in the account. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with maturities of 90 days or less when purchased by the City. New York State statutes require the City to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limits. This collateral is to be in the form of state and local government securities held in trust for and pledged to secure the City's deposits.

At December 31, 2018, the City had \$1,495,012 invested with the New York Cooperative Liquid Assets Securities System (NYCLASS), which is a short-term highly liquid investment fund, designed specifically for the public sector that operates like a money market mutual fund. NYCLASS is subject to the Municipal Cooperation Agreement Amended and Restated as of March 28, 2019 (the Agreement) and is structured in accordance with New York State General Municipal Law (GML)(Article 3-A and Article 5-G, Section 119-n and o, and Chapter 623 of the Laws of 1998). All NYCLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992). NYCLASS is rated "AAA" by S&P Global Ratings. Participants are allowed to conduct transactions (deposits, withdrawals, or transfers) on a normal business day. There are no limits on the dollar amount or number of daily transactions, except that the total daily withdrawals may not exceed the total balance on the deposit.

Fair Value of Financial Instruments

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. Cash, Cash Equivalents, and Investments - Continued

Fair Value of Financial Instruments - Continued

- Level 2 - Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.
- Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City's investment in NYCLASS is reported at fair value using quoted prices for identical items that are not actively traded. The City considers its NYCLASS investments to be Level 2 within the hierarchy of fair value measurements.

The method described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

h. Restricted Cash and Cash Equivalents

Certain cash balances are restricted because their use is limited. At December 31, 2018, the City had restricted cash and cash equivalents related to governmental activities, comprised of the following:

General Fund capital reserve	\$ 3,993,259
General Fund employee benefit reserve	382,047
General Fund repair reserve	309,873
General Fund insurance reserve	40,000
General Fund crime proceeds reserve	42,694
General Fund handicap awareness program	15,156
General Fund EMS training	13,052
General Fund restricted gift	460,154
General Fund parks and recreation	414,678
General Fund special event	12,934
Community Development Fund	354,403
Miscellaneous Special Revenue Fund	132,133
Water Fund capital equipment reserve	325,030
Water Fund employee benefit reserve	31,339
Sewer Fund	528,078
Sewer Fund capital equipment reserve	753,122
Sewer Fund employee benefit reserve	32,500
Library Fund restricted gifts	24,625
Capital Projects Fund	3,306,929
Debt Service Fund	46,710
Permanent Fund	20,000
Total restricted cash and cash equivalents	<u>\$ 11,238,716</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Restricted Cash and Cash Equivalents - Continued

In addition, the City had restricted cash and cash equivalents related to business-type activities and fiduciary activities of \$99,473 and \$20,538 for the public transit capital reserve and trust and agency, respectively.

i. Restricted Investments

Certain investment balances are restricted because their use is limited. The City had restricted investments related to governmental activities comprised of the following:

Permanent	\$ 1,478,742
Miscellaneous special revenue	<u>16,270</u>
Total restricted investments	<u><u>\$ 1,495,012</u></u>

j. Due to/from Other Funds and Receivables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "due to/from other funds" (i.e., interfund loans).

Receivables are reported net of an allowance for uncollectibles as described in Note 4.

k. Inventories and Prepaid Items

Inventories are principally valued at cost using average inventory value methods.

Within the Internal Service Fund, inventory consists of auto accessories. The initial purchases of inventory items are recorded as assets and are charged to operating funds on an "as used" basis. Expenses are recorded in the operating fund being charged, and inventory (asset) reductions are recorded in the Internal Service Fund.

Within the governmental funds, inventories are recorded as expenditures when they are purchased rather than when consumed, except for jet and aviation fuel. The fuel inventory initial purchases are recorded as inventory and the sales margin revenue, based on average inventory, is recorded at the time of sale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental and proprietary funds, except for items such as insurances, maintenance agreements, dues, and subscriptions.

l. Capital Assets

Capital assets, which include property, buildings, improvements, machinery and equipment and infrastructure are defined by the City as assets with an initial cost of \$5,000 or more. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are valued at historical cost or at an estimated historical cost where no historical records exist. Donated capital assets are valued at the estimated fair value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

l. Capital Assets - Continued

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	10-50
Improvements	10-30
Machinery and equipment	3-30
Infrastructure	30

Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of December 31, 2018.

m. Compensated Absences

Vesting of accumulated leave time is governed by agreements with various employee groups. For governmental funds, the current portion of leave time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the governmental fund that will issue payment. The long-term portion of leave time is accrued in the government-wide financial statements. For proprietary funds, the full liability is recognized within the fund. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

n. Deferred Outflows/Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows arise when resources are received by the City before it has legal claim to them, as with property taxes received in advance and when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

Deferred inflows in the Special Revenue Fund represent amounts to be received in future periods as principal repayment of loans to various private companies and individuals. The original sources for these loans were obtained by the City through Community Development Block Grants, the HOME Program, New York State Housing programs, or local programs authorized by the Common Council. The original proceeds of the grants were recorded as revenues. Repayments of the loan principal by private companies and individuals are considered departmental income during the period received which reduces the deferred inflows.

Pension related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type government-wide activities, and the respective enterprise funds. Further detail of pension related deferred outflows and deferred inflows of resources are disclosed in Note 7.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. Deferred Outflows/Inflows of Resources - Continued

Other postemployment benefit related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type government-wide activities, and the respective enterprise funds. Further detail of other postemployment benefits related deferred outflows of resources and deferred inflows of resources are disclosed in Note 8.

o. Long-Term Liabilities

The City incurs long-term debt in order to fund major acquisitions and/or capital projects. This enables the cost to be borne by the present and future taxpayers receiving the benefit of the capital assets.

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bonds payable are reported net of applicable bond premium or discount, if any.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Excess bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The current year's debt principal and interest payments are recognized as expenditures.

p. Pensions

The City is a participating employer in both the New York State and Local Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (collectively, the "System"). Employees in ERS and PFRS permanent positions are required to enroll in the System, while employees in ERS part-time or seasonal positions have the option of enrolling. The System is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the City's financial position and results of operations due to its participation in the System is more fully disclosed in Note 7.

q. Fund Balance/Net Position

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. Fund Balance/Net Position - Continued

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority, and require the same level of formal action to remove the constraint.

Assigned - Amounts that are constrained only by the government's *intent* to be used for a specified purpose, as established by the Common Council, or by a designated body or official, but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund and Capital Projects Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Common Council, as the highest level of decision-making authority, must take formal action, through a motion or resolution adopted at an official meeting and recorded in the minutes, to authorize or accept any nonspendable, restriction, or commitments of fund balance. In addition, New York State regulations/laws may dictate the accounting for some portion of fund balance, such as sewer funds, and certain restricted revenues (Crime Proceeds, EMS training, etc.). Portions of fund balance reported in the assigned category may be established either by Common Council approval or through the City's purchasing process. Formal actions taken by the Common Council, such as adoption of the budgets, or approval of motions/resolutions, will require the assignment of fund balance. Also, the City Charter and the City's Purchasing Policy authorize the Director of Finance to assign available funds to specific purposes as appropriate, in conformance with a uniform system of accounts formulated and prescribed by the State Comptroller.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

See Note 12 for a summary of the City's fund balances as of December 31, 2018.

The following categories are used for net position of the government-wide and proprietary funds financial statements:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipation notes, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the City or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the City not restricted for any project or other purpose.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

r. Encumbrances

In governmental funds, encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities. Expenditures of such commitments are recorded in the period in which the liability is incurred.

The following encumbrances were included in fund balances:

	General Fund	Community Development Fund	Capital Project Fund	Water Fund	Sewer Fund	Total
Assigned						
General Government Support	\$ 34,914	\$ -	\$ -	\$ -	\$ -	\$ 34,914
Public Safety	17,964	-	-	-	-	17,964
Transportation	17,744	-	-	-	-	17,744
Economic Opportunity & Development	3,700	-	-	-	-	3,700
Culture and Recreation	4,221	-	-	-	-	4,221
Home and Community Services	-	183,030	-	120,515	-	303,545
	<u>78,543</u>	<u>183,030</u>	<u>-</u>	<u>120,515</u>	<u>-</u>	<u>382,088</u>
Restricted						
Public Safety	635,708	-	-	-	-	635,708
Transportation	235,055	-	-	-	-	235,055
	<u>870,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870,763</u>
Sewer Restricted						
Home and Community Services	-	-	-	-	152,307	152,307
Capital Projects-Unrestricted						
Wastewater Treatment Plant	-	-	755,101	-	-	755,101
Capital Projects Restricted						
DRI-Branding & Marketing/Wayfinding	-	-	72,000	-	-	72,000
Main Street Water Main	-	-	13,264	-	-	13,264
Airport Projects	-	-	67,219	-	-	67,219
	<u>-</u>	<u>-</u>	<u>152,483</u>	<u>-</u>	<u>-</u>	<u>152,483</u>
Capital Projects Committed						
Public Safety Building	-	-	1,395	-	-	1,395
Street Projects	-	-	741	-	-	741
Lower Reservoir Dam Improvements	-	-	50,185	-	-	50,185
Water Plant SCADA Replacement	-	-	303,800	-	-	303,800
	<u>-</u>	<u>-</u>	<u>356,121</u>	<u>-</u>	<u>-</u>	<u>356,121</u>
	<u>\$ 949,306</u>	<u>\$ 183,030</u>	<u>\$ 1,263,705</u>	<u>\$ 120,515</u>	<u>\$ 152,307</u>	<u>\$ 2,668,863</u>

s. Postemployment Benefits

In addition to providing pension benefits, the City provides health insurance coverage for retired employees and their survivors. Substantially all of the City's full-time employees may become eligible for these benefits if they retire while working for the City. Healthcare benefits are provided through an insurance company whose premiums are based on the benefits provided. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The postemployment fringe benefit costs, including unemployment and any prior year expense, are reported as "Benefits" on the governmental funds' statement of revenues, expenditures, and changes in fund balances. The current year's fringe benefit expenses for active employees are accounted for within each department and, therefore, reported within each activity in the financial statements. See Note 8 for additional disclosures required for retiree postemployment benefits other than pensions.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

t. Adoption of New Accounting Standard

Effective January 1, 2018, the City implemented the provisions of GASB Statement No. 75, (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes financial reporting standards for Other Postemployment Benefit (OPEB) plans for state and local governments. GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 establishes requirements for additional note disclosure and required supplementary information.

As a result of the adoption of GASB 75, the City measured and recognized OPEB amounts in accordance with GASB 75, included additional note disclosures in Note 8, presented a schedule of other postemployment benefits liability as required supplementary information, and restated the opening net position of governmental activities as follows:

Net Position December 31, 2017	Adoption of GASB 75	Restated Net Position December 31, 2017
<u>\$ 29,913,855</u>	<u>\$ (26,741,239)</u>	<u>\$ 3,172,616</u>

Note 2 - Legal Compliance, Budgets

a. Budgets

Annual appropriated budgets are adopted for the General and Special Revenue Funds. Formal budgetary policies are employed for the Special Grant - Special Revenue Fund Types on a project-by-project and grant-by-grant basis, rather than an annual basis. All annual appropriations lapse at year-end. Project-length financial plans are adopted for all Capital Projects Funds.

The City employs the following budgetary procedures:

- i. No later than one week prior to the second regular meeting of the Common Council in November, the City Manager submits a tentative budget to the Common Council for the year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all governmental funds of the City except for the various Grant Funds and Capital Projects Fund. The tentative budget also includes a five-year capital plan.
- ii. All revisions that alter the tentative budget must be approved by two-thirds vote of the Common Council.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 2 - Legal Compliance, Budgets - Continued

a. Budgets - Continued

- iii. At least one week before its first regular meeting in December, a public hearing is conducted to obtain taxpayer comments. The Common Council adopts the City budget at its first regular meeting in December by an affirmative majority vote.
- iv. In the event that the Common Council fails to adopt a budget by December 10, the budget for the current year becomes the budget for the ensuing year, modified only to add any increased expenditures resulting from previously approved contracts or other obligations of the City.
- v. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the projects.
- vi. Budgets are prepared for Proprietary Funds primarily to establish the estimated contributions required from other funds.
- vii. Budgeted amounts shown are as originally adopted, or as amended by the Common Council and/or the December 31, 2017 outstanding purchase orders. The 2017 outstanding purchase orders modified the 2018 adopted budget by \$126,284, for the General Fund, \$49,615, for the Water Fund, and \$90,277, for the Sewer Fund. The following are the amendments to the original budget approved during the year:

General Fund: \$20,000 to create an insurance reserve, \$32,500 for demolition, and \$52,130 for a tractor. Funded via Reserves/Grants: \$29,350 for roof repairs, \$134,000 for law enforcement software, \$12,600 for law enforcement weapon supplies, \$101,792 for ambulance cots, \$446,139 for two ambulances, \$27,208 for CPR devices, \$6,000 for fire protection gear, \$285,195 for public works vehicles, \$9,833 for electric charging station, and \$4,000 for bicycle racks and repair station.

Water Fund: \$35,000 for removing trees and stumps at the Wilber Lake Upper Reservoir, \$30,000 for value repairs, and \$22,155 for a contribution to the Lower Reservoir Dam capital project. Funded via Equipment Reserve: \$97,765 towards three vehicles and \$33,300 towards a backhoe.

Sewer Fund: \$97,765 towards three vehicles funded via the Equipment Reserve.

Expenditures may not legally exceed budgeted appropriations at the activity level.

b. Tax Margin

The City is legally restricted to a tax limit of 2% of the five-year average of the full taxable value of all properties within the City. As of December 31, 2018, the City had a constitutional tax margin of \$5,881,003, or 61.85% of its taxing power.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 3 - Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

It is the City's policy for deposits to be secured by collateral valued at fair value or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at year-end. The categories are described as follows:

Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 Uncollateralized.

	Bank Balance	Category			Carrying Amount
		1	2	3	
<u>Pooled Deposits</u>					
Pooled Cash and Cash Equivalents	\$ 17,517,213	\$ -	\$ 17,517,213	\$ -	\$ 17,580,094
<u>Non-Pooled Deposits</u>					
Non-pooled Cash and Cash Equivalents					
General	2,261,318	-	2,261,318	-	2,261,318
Special Revenue	373,984	-	373,984	-	354,403
Trust and Agency	22,433	-	22,433	-	-
<u>Petty Cash on Hand</u>					
General	3,400	-	3,400	-	3,400
Special Revenue	105	-	105	-	105
Enterprise	2,168	-	2,168	-	2,168
Total cash and cash equivalents	<u>\$ 20,180,621</u>	<u>\$ -</u>	<u>\$ 20,180,621</u>	<u>\$ -</u>	<u>\$ 20,201,488</u>

Note 4 - Receivables

a. Due from Other Governments

General Fund: The General Fund receivable consists primarily of \$634,471 representing November and December 2018 sales tax distributions due from the County of Otsego, \$11,254 from FEMA aid for the March 2017 Storm Stella, and \$16,466 for various grants.

Special Revenue Funds: Receivables consist of \$288,917 due from the Town of Oneonta for 2018 sewer services.

Community Development Fund: Receivables of \$104,354 consist entirely of amounts due from various community development grants.

Capital Project Fund: The Capital Project Fund receivable consists primarily of \$694,393 for state grants for street repairs, \$47,675 due for FAA airport grants, \$108,000 for the NYS Downtown Revitalization Initiative (DRI) and \$424,724 for NYS Environmental Facilities Corporation grants.

Enterprise Fund: The Enterprise Fund receivable consists of \$5,813 due under a NYS Department of Transportation Grant, and \$25,310 due from Otsego County for shared services.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 4 - Receivables - Continued

b. Loans Receivable, Community Development

The City has loaned monies to various companies and individuals under the United States Department of Housing and Urban Development programs, New York State Housing programs, the New York State Small Cities Community Development Block Grant programs (CDBG), and local community development projects approved by the Common Council.

A summary of loans receivable is as follows:

Community Development Block Grants	\$ 58,486
CDBG - First Time Home Owners	223,870
NYS Housing Trust Fund - Home Program	2,377
NYS Small Cities CDBG - First Time Home Owners	302,276
Housing Visions	299,391
NYS Affordable Housing Corp	273,549
NYS CDBG - Multi-Unit Housing Rehabilitation	450,686
	<hr/>
	1,610,635
Less allowances	(397,500)
	<hr/>
	<u>\$ 1,213,135</u>

c. Other Receivables

General Fund: The City fire department provides ambulance service and bills based on service provided. During 2018, the City billed 2,274 calls. The balance of unpaid ambulance bills as of December 31, 2018 equaled \$280,419 and was offset by an allowance for uncollectible accounts of \$112,000. Other receivables also include franchise fees, code enforcement fees, and other miscellaneous receivables considered fully collectible at December 31, 2018, unless otherwise deferred.

Water Fund: The Water Fund receivable consists primarily of \$251,519 for billed water usage. This balance was offset by an allowance for uncollectible accounts of \$27,500.

Sewer Fund: The Sewer Fund receivable consists primarily of \$124,092 for billed sewer rents considered fully collectible at December 31, 2018.

Proprietary Fund: The Proprietary Fund receivable consists of \$43,541 due from various clients for bus services provided through Oneonta Public Transit considered fully collectible at December 31, 2018.

Library Fund: The Library Fund receivable primarily consists of \$65,655 for an interest distribution from an endowment held at a local bank.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 5 - Interfund Transactions

A summary of interfund receivables and payables reported within the governmental fund financial statements is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 137,032	\$ 750
Community Development	750	75,995
Internal Service	-	69,542
Capital Projects	8,505	-
	<u>\$ 146,287</u>	<u>\$ 146,287</u>

Note 6 - Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance, January 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2018</u>
Land	\$ 1,677,368	\$ -	\$ -	\$ 1,677,368
Buildings	24,901,181	111,714	-	25,012,895
Improvements	11,976,269	-	(91,818)	11,884,451
Machinery and equipment	16,776,282	4,666,887	(3,853,460)	17,589,709
Infrastructure	45,028,305	1,965,690	-	46,993,995
Construction in progress	33,164	751,912	(33,164)	751,912
	<u>100,392,569</u>	<u>7,496,203</u>	<u>(3,978,442)</u>	<u>103,910,330</u>
Less accumulated depreciation	<u>(53,730,743)</u>	<u>(3,498,470)</u>	<u>3,880,721</u>	<u>(53,348,492)</u>
	<u>\$ 46,661,826</u>	<u>\$ 3,997,733</u>	<u>\$ (97,721)</u>	<u>\$ 50,561,838</u>

A summary of capital assets by reporting unit is as follows:

	<u>Governmental</u>	<u>Public Transportation</u>	<u>Total</u>
Land	\$ 1,671,405	\$ 5,963	\$ 1,677,368
Buildings	23,265,655	1,747,240	25,012,895
Improvements	11,755,782	128,669	11,884,451
Machinery and equipment	11,950,794	5,638,915	17,589,709
Infrastructure	46,993,995	-	46,993,995
Construction in progress	751,912	-	751,912
	<u>96,389,543</u>	<u>7,520,787</u>	<u>103,910,330</u>
Less accumulated depreciation			
Buildings	(14,404,191)	(1,735,333)	(16,139,524)
Improvements	(4,204,029)	(128,669)	(4,332,698)
Machinery and equipment	(7,852,575)	(1,347,006)	(9,199,581)
Infrastructure	<u>(23,676,689)</u>	<u>-</u>	<u>(23,676,689)</u>
	<u>(50,137,484)</u>	<u>(3,211,008)</u>	<u>(53,348,492)</u>
	<u>\$ 46,252,059</u>	<u>\$ 4,309,779</u>	<u>\$ 50,561,838</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 6 - Capital Assets - Continued

Depreciation expense for 2018 was charged to functions of the primary government as follows:

General governmental support	\$ 145,887
Public safety	430,292
Transportation	1,474,500
Culture and recreation	252,013
Home and community services	824,599
	<hr/>
	\$ 3,127,291

Note 7 - Retirement Systems

The City participates in the New York State and Local Employee's Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The City also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits. Benefits are pursuant to the membership Plan; Tier 1 through 6 and Special Plans. The System also provides Ordinary Disability Benefits, Accidental Disability Benefits, Ordinary Death Benefits, and Post-Retirement Benefit Increases. Detail of eligibility and benefit calculation may be found at www.osc.state.ny.us.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. The City's average contribution rate for ERS and PFRS for 2018 was approximately 13.8% and 22.8% of payroll, respectively. 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 Systems' year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 7 - Retirement Systems - Continued

Contributions - Continued

	ERS	PFRS
2018	\$ 517,430	\$ 778,459
2017	509,668	807,516
2016	525,036	789,155

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

At December 31, 2018, the City reported a liability of \$1,449,718 in the governmental activities statement of net position and \$66,687 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018, the City's proportion was .0123934% in the Employee Retirement System and .1059871% in the Police and Fire Retirement System. The Huntington Memorial Library proportion was .0013987% in the Employee Retirement System.

For the year ended December 31, 2018, the City recognized pension expense of \$1,270,602 in the governmental funds and \$107,393 in the proprietary funds. The City recognizes pension expense, per fund/department/employee, on a biweekly process via the payroll system. The total year-end expense is adjusted for prior year adjustments presented on the annual billing received from the System, and any adjustments recorded in compliance with GASB. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Funds	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 580,489	\$ 399,992
Changes of assumptions	1,071,147	-
Net differences between projected and actual investment earnings on pension plan investments	1,435,401	2,868,060
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,130	472,756
City contributions subsequent to the measurement date	1,068,008	-
Total	<u>\$ 4,169,175</u>	<u>\$ 3,740,808</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 7 - Retirement Systems - Continued

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

	Proprietary Funds	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,201	\$ 15,867
Changes of assumptions	35,696	-
Net differences between projected and actual investment earnings on pension plan investments	78,188	154,337
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,157	4,197
City contributions subsequent to the measurement date	57,131	-
Total	<u>\$ 192,373</u>	<u>\$ 174,401</u>

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Funds	Proprietary Funds	Total
Year ending December 31,			
2019	\$ 164,661	\$ 11,266	\$ 175,927
2020	123,468	7,829	131,297
2021	(597,750)	(39,899)	(637,649)
2022	(347,410)	(18,355)	(365,765)
2023	17,390	-	17,390
Total	<u>\$ (639,641)</u>	<u>\$ (39,159)</u>	<u>\$ (678,800)</u>

Actuarial Assumptions

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

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 7 - Retirement Systems - Continued

Actuarial Assumptions - Continued

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5 percent
Salary Scale	
ERS	3.8 percent, indexed by service
PFRS	4.5 percent, indexed by service
Investment rate of return, including inflation	7.0 percent, compounded annually, net of expenses
Cost of living adjustments	1.3 percent
Decrement	Based on FY 2010 - 2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on April 1, 2010 to March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic funds	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	<u>100.00%</u>	

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 7 - Retirement Systems - Continued

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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
ERS			
Governmental Funds	\$ 2,863,489	\$ 378,446	\$ (1,723,785)
Proprietary Funds	504,507	66,687	(303,707)
	<u>\$ 3,367,996</u>	<u>\$ 445,133</u>	<u>\$ (2,027,492)</u>
PFRS	1% Increase (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Governmental Funds	<u>\$ 5,247,382</u>	<u>\$ 1,071,272</u>	<u>\$ (2,431,504)</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 183,400,590	\$ 32,914,423	\$ 216,315,013
Plan net position	<u>(180,173,145)</u>	<u>(31,903,666)</u>	<u>(212,076,811)</u>
Employers' net pension liability	<u>\$ 3,227,445</u>	<u>\$ 1,010,757</u>	<u>\$ 4,238,202</u>
Ratio of plan net position to the employers' total pension liability	98.24%	96.93%	98.04%

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 8 - Postemployment Benefits Other Than Pensions

The City administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for continuation of medical insurance benefits for certain retirees and their families and can be amended by action of the City subject to applicable collective bargaining and employment agreements.

A summary of active employees and retired employees covered under the Plan as of December 31, 2018, is as follows:

Active employees	131
Retirees	115
Survivors	<u>5</u>
	<u>251</u>

Employees covered include the employees of the Civil Service Employees Association, Police Benevolent Association, Firefighters, Sergeant's Association, non-union administration, and non-represented employees. The Plan is open to new entrants. The Plan is subject to good faith collective bargaining between the City and these covered employees. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The obligations of the Plan members, employers, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City. For the year ended December 31, 2018, the City's expected contribution to the Plan was \$1,541,098. Some Plan members receiving benefits contribute a percent of their premium costs. Total member contributions were \$247,841 for the year ended December 31, 2018.

At December 31, 2018, the City reported a liability of \$44,169,550 for its OPEB liability in the governmental activities. The OPEB liability was measured as of January 1, 2018 by an actuarial valuation using census data information as of that date. For the year ended December 31, 2018, the City recognized OPEB expense of \$3,125,159 in the governmental activities. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	<u>\$ -</u>	<u>\$ 3,817,447</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 8 - Postemployment Benefits Other Than Pensions - Continued

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

Year ending December 31,	
2019	\$ (616,712)
2020	(616,712)
2021	(616,712)
2022	(616,712)
2023	(616,712)
Thereafter	<u>(733,887)</u>
Total	<u>\$ (3,817,447)</u>

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

Discount Rate - A discount rate of 3.71% was used, based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of December 31, 2018.

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Employees' Retirement System and the New York State Police and Fire Retirement System.

Spousal Coverage - 70% of employees were assumed to elect spousal coverage. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

Mortality - The sex-distinct RP-2014 Mortality Table for employees and healthy annuitants, adjusted backwards to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a generational basis. The mortality assumption has been revised as of January 1, 2018 in order to reflect the continued improvement in mortality rates. The revised assumption resulted in an increase in liabilities.

Turnover - Employees are assumed to withdraw in accordance with the rates based on the April 1, 2010 to March 31, 2015, New York State Employee's Retirement System. The City's experience is not expected to deviate significantly from this experience.

Election Percentage - It is assumed that all active employees will elect medical and prescription coverage upon retirement, if eligible. Actual elections for current retirees are used.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums is assumed as follows:

<u>Year</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>	<u>Prescription Drug</u>
2019	7.000%	5.000%	9.500%
2020	6.750%	4.750%	9.000%
2021	6.500%	4.500%	8.500%
2022	6.250%	4.250%	8.250%
2023	6.012%	4.250%	7.679%
2024	5.774%	4.250%	7.107%
2025	5.536%	4.250%	6.536%
2035	4.822%	4.250%	4.822%
2045	4.614%	4.250%	4.614%
2055	4.465%	4.250%	4.465%
2065	4.371%	4.250%	4.371%
2075+	3.784%	3.784%	3.784%

The annual rate of increase in healthcare costs was based on review of published National trend survey data, including long-term rates based on the Society of Actuaries Long-Term Healthcare Cost Trends Model (the Getzen Model).

Annual Rate of Increase in the Consumer Price Index (CPI): CPI of 2.25% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans. This assumption is consistent with historical CPI data as well as future expectations.

Health Insurance Premiums - 2018 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Changes in the OPEB liability are as follows:

	2018
Balance as of January 1, 2018	<u>\$ 47,135,961</u>
Changes for the year	
Service cost	1,539,506
Interest	1,585,653
Change of benefit terms	(116,313)
Changes of assumptions and other inputs	(4,434,159)
Benefit payment	<u>(1,541,098)</u>
Net changes	<u>(2,966,411)</u>
Balance as of December 31, 2018	<u><u>\$ 44,169,550</u></u>

The following presents the OPEB liability of the Plan as of December 31, 2018 calculated using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates 1% lower or 1% higher than the current rates:

1% Decrease	Current Rates	1% Increase
<u> </u>	<u> </u>	<u> </u>
<u>\$ 37,775,271</u>	<u>\$ 44,169,550</u>	<u>\$ 52,715,176</u>

The following presents the OPEB liability of the Plan as of December 31, 2018 calculated using the discount rate of 3.71%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

1% Decrease 2.71%	Current Discount 3.71%	1% Increase 4.71%
<u> </u>	<u> </u>	<u> </u>
<u>\$ 50,822,787</u>	<u>\$ 44,169,550</u>	<u>\$ 38,728,255</u>

Note 9 - Indebtedness

A summary of the changes in the City's indebtedness is as follows:

	Bonds	Bond Premiums	Installment Purchase Debt	Compensated Absences	Judgments and Claims Payable	Total
Payable, <i>beginning of year</i>	\$ 13,980,000	\$ -	\$ 2,492,361	\$ 541,245	\$ 40,000	\$ 17,053,606
Additions	-	150,000	-	10,062	-	160,062
Retirements	<u>(1,100,000)</u>	<u>-</u>	<u>(219,017)</u>	<u>-</u>	<u>(20,000)</u>	<u>(1,339,017)</u>
Payable, <i>end of year</i>	<u>\$ 12,880,000</u>	<u>\$ 150,000</u>	<u>\$ 2,273,344</u>	<u>\$ 551,307</u>	<u>\$ 20,000</u>	<u>\$ 15,874,651</u>

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 9 - Indebtedness - Continued

A summary of the City's indebtedness under bonds payable, by fund, is as follows:

Description	Issue Date	Original Amount	Interest Rate	Final Maturity Date	Principal Balance December 31, 2018
<u>General Fund</u>					
Streets/Parking Garage	Mar-05	\$ 2,410,000	4.000% - 4.125%	Mar-22	\$ 730,000
Streets/Parking Lot/Garage	Feb-13	2,370,284	2.125% - 3.000%	Feb-32	1,862,000
Streets/Bridge	May-17	1,859,726	2.000% - 3.000%	May-33	1,784,452
Streets/Equipment/Recreation	May-18	1,452,500	2.000% - 4.500%	May-30	1,452,500
Total General Fund					<u>5,828,952</u>
<u>Water Fund</u>					
Water Distribution/Mixers/MIOX	Feb-13	1,546,530	2.125% - 3.000%	Feb-32	1,221,000
Water Distribution	Jul-13	480,000	3.340% - 4.450%	Jun-22	230,000
Water Distribution	May-17	2,318,598	2.000% - 3.000%	May-33	2,224,749
Water Distribution/Plant	May-18	351,500	2.000% - 4.500%	May-30	351,500
Total Water Fund					<u>4,027,249</u>
<u>Sewer Fund</u>					
Wastewater Treatment	Nov-12	1,145,000	5.370% - 6.180%	May-24	635,000
Sanitary/Barscreen/Digester	Feb-13	1,628,186	2.125% - 3.000%	Feb-32	1,282,000
Sanitary Sewers	May-17	21,676	2.000% - 3.000%	May-33	20,799
Sanitary Sewers/Wastewater	May-18	351,500	2.000% - 4.500%	May-30	1,086,000
Total Sewer Fund					<u>3,023,799</u>
Total Governmental Funds					<u>\$ 12,880,000</u>

Aggregate annual debt service of bonds payable is as follows:

<u>Governmental Funds</u>	Principal	Interest
For the year ending December 31,		
2019	\$ 1,030,000	\$ 349,497
2020	1,055,000	322,365
2021	1,085,000	294,122
2022	1,125,000	261,476
2023	895,000	240,550
2024 through 2028	4,385,000	847,784
2029 through 2033	3,305,000	215,450
	<u>\$ 12,880,000</u>	<u>\$ 2,531,244</u>

The following bond issues were authorized by the Common Council but unissued as of December 31, 2018:

Resolution Date	Amount Authorized	Purpose
June 20, 2017	\$ 8,700,000	Wastewater Treatment Plant Upgrade
January 16, 2018	300,000	Water Plant SCADA System
August 26, 2019	725,000	Water Lower Reservoir Dam

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 9 - Indebtedness - Continued

At December 31, 2018, the legal debt limit for the City was \$33,279,593, the debt margin was \$25,061,842 and all significant bond covenants have been complied with.

During 2012, the City entered into a long-term installment purchase contract for \$3,500,000 to fund various energy performance improvements within several City departments. The installment purchase contract requires annual payments of \$289,800 including interest at 2.84% with a final maturity in July 2027. A summary of the changes in the City's indebtedness under the installment purchase debt, by fund, is as follows:

	Principal Balance December 31, 2017	Retirements	Principal Balance December 31, 2018
General Fund	\$ 843,863	\$ (76,460)	\$ 767,403
Water Fund	1,469,432	(127,072)	1,342,360
Sewer Fund	179,066	(15,485)	163,581
	<u>\$ 2,492,361</u>	<u>\$ (219,017)</u>	<u>\$ 2,273,344</u>

Aggregate annual debt service of installment purchase debt payable is as follows:

	Principal	Interest
For the year ending December 31,		
2019	\$ 225,238	\$ 64,563
2020	231,634	58,166
2021	238,213	51,588
2022	244,978	44,823
2023	251,935	37,865
2024 through 2027	1,081,346	77,851
	<u>\$ 2,273,344</u>	<u>\$ 334,856</u>

Note 10 - Deferred Compensation Plan

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

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 11 - Property Taxes

The City's property taxes are levied annually on or before December 31 of each year for the ensuing calendar year commencing on January 1. Real property values upon which taxes are levied are established as of July 1 of each year. Taxes for City and Library purposes are levied with the County of Otsego taxes as a single tax bill that is due and payable on January 1 and becomes delinquent on February 1. Pursuant to an intermunicipal agreement with the County of Otsego, the City collects taxes during the four-month collection period from January 1 through April 30. The first monies received are used to satisfy the total tax levies of the City and the Library; moneys received in excess to satisfy these levies are remitted to the County. In the event insufficient moneys are received to satisfy the City and Library levies, the County pays the City and Library an amount necessary to satisfy the balance of their levies. At the end of the four-month collection period, all unpaid taxes are returned to the County of Otsego for enforcement.

For the year ended December 31, 2018, the tax rates were as follows:

City	\$ 9.5039 per thousand of assessed value
Library	\$.9140 per thousand of assessed value

Note 12 - Fund Balances

A summary of the City's governmental fund balances as of December 31, 2018, is as follows:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Community Development	Debt Service		
Nonspendable						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 1,498,742	\$ 1,498,742
Inventory	9,844	-	-	-	-	9,844
Prepaid expenses	141,393	-	-	-	24,938	166,331
Total nonspendable fund balances	151,237	-	-	-	1,523,680	1,674,917
Restricted						
Bonded debt	-	-	-	46,710	-	46,710
Capital	3,993,259	1,321,213	-	-	1,044,852	6,359,324
Capital, library	-	1,691,565	-	-	-	1,691,565
Insurance	40,000	-	-	-	-	40,000
Crime proceeds	42,694	-	-	-	-	42,694
DBL awareness	15,156	-	-	-	-	15,156
Employee benefits	382,047	-	-	-	63,839	445,886
EMS education	13,052	-	-	-	-	13,052
Grant programs	-	-	284,009	-	-	284,009
Repairs	309,873	-	-	-	-	309,873
Restricted gifts	460,154	-	-	-	172,324	632,478
Sewer Fund	-	-	-	-	831,293	831,293
Parks and recreation	414,678	-	-	-	-	414,678
Special event	12,934	-	-	-	-	12,934
Total restricted fund balances	5,683,847	3,012,778	284,009	46,710	2,112,308	11,139,652
Committed						
Capital projects	-	475,777	-	-	-	475,777
Capital project, library	-	488,566	-	-	-	488,566
Local grant program	-	-	69,686	-	-	69,686
Total committed fund balances	-	964,343	69,686	-	-	1,034,029
Assigned						
Appropriated assigned	130,000	-	-	-	54,135	184,135
Community landscaping program	-	-	-	-	32,861	32,861
Encumbrances	78,543	-	-	-	-	78,543
Greenway project	-	-	-	-	86,251	86,251
Unappropriated	-	-	-	-	911,101	911,101
Total assigned fund balances	208,543	-	-	-	1,084,348	1,292,891
Unassigned						
Capital projects	-	(374,175)	-	-	-	(374,175)
Unrestricted fund balance	7,798,358	-	-	-	-	7,798,358
Total unrestricted fund balances	7,798,358	(374,175)	-	-	-	7,424,183
Total fund balances	\$ 13,841,985	\$ 3,602,946	\$ 353,695	\$ 46,710	\$ 4,720,336	\$ 22,565,672

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 13 - Commitments and Contingencies

a. Leases

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the City's account groups. Currently, the City is not obligated under any lease agreement with a term extending beyond December 31, 2018, except for the lease agreement for rental of real property for Oneonta Public Transit totaling \$38,170 for the year 2019 through the year 2020.

b. Grants

Grants received by the City are subject to audit by certain agencies of New York State and the federal government. Such audits could possibly result in disallowances and a request for return of funds. The City's administration believes disallowances, if any, will be immaterial.

c. Litigation

The City is currently defending fewer than three (3) miscellaneous matters in litigation through its insurance carrier. The City believes none of these claims approach the limits of coverage of the insurance maintained by the City. In addition, there are other claims and tax assessment cases pending against the City arising out of the normal course of business, which are not covered by insurance. These claims are being defended, and some amounts may be due said claimants for tax rebates, services performed or items provided to the City. Even if successful on all claims, however, payment of the amounts in the controversy would not have a significant impact on the City's financial condition.

There are no other pending claims which would have any significant financial impact on the City.

d. Tax Abatements

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City has Payment In lieu of Taxes (PILOT) agreements with several organizations throughout the City for the purpose of encouraging economic development, affordable housing and not-for-profit activities.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is also subject to tax abatement agreements entered into by the Otsego County Industrial Development Agency.

Copies of agreements may be obtained from Virginia Lee, Director of Finance, 258 Main Street, Oneonta, NY 13820, vlee@oneonta.ny.us.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 13 - Commitments and Contingencies - Continued

d. Tax Abatements - Continued

The information relevant to the City's agreements for 2018 is as follows:

Real Property Tax Law Section	Tax Abatement	Agreement with	Amount of Taxes Abated
412-a	Municipal Industrial Development Agency (IDA)	Otsego County IDA	\$ 151,539
420-b	Private Community Service & Social Organization	City of Oneonta	28,971
422	Not-for-Profit Housing Companies	City of Oneonta	20,387
	Total		<u>\$ 200,897</u>

Note 14 - Subsequent Events

On December 4, 2018, the City approved an approximate 10% increase in the water and sewer rates to be effective January 1, 2019.

As indicated in Note 9, on August 26, 2019, the City's Common Council approved a bond resolution authorizing the issuance of \$725,000 serial bonds to fund the cost of the Lower Reservoir Dam Improvement project.

Note 15 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. This statement required that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effect for reporting periods beginning after December 15, 2019.

City of Oneonta, New York

Notes to Financial Statements December 31, 2018

Note 15 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interest*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information of component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement are effective for reporting periods beginning after December 15, 2020.

Management has not estimated the extent of the potential impact, if any, of these statements on the City's financial statements.

City of Oneonta, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	<u>2018</u>
Beginning of year	<u>\$ 47,135,961</u>
Changes for the year	
Service cost	1,539,506
Interest	1,585,653
Change of benefit terms	(116,313)
Changes of assumptions and other inputs	(4,434,159)
Benefit payment	<u>(1,541,098)</u>
Net changes	<u>(2,966,411)</u>
End of year	<u><u>\$ 44,169,550</u></u>
Covered payroll	\$ 7,516,923
OPEB liability as a percentage of covered payroll	587.60%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Oneonta, New York

Required Supplementary Information - Schedule of Proportionate Share of the Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ERS (City and Huntington Memorial Library)				
City's proportion of the net pension liability	0.0137921%	0.0135809%	0.0142715%	0.0142714%
City's proportionate share of the net pension liability	\$ 445,133	\$ 1,276,095	\$ 2,290,603	\$ 482,125
City's covered-employee payroll	\$ 3,818,283	\$ 3,596,975	\$ 3,566,549	\$ 3,511,316
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.66%	35.48%	64.22%	13.73%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PFRS				
City's proportion of the net pension liability	0.1059871%	0.1100060%	0.1210347%	0.1223603%
City's proportionate share of the net pension liability	\$ 1,071,272	\$ 2,280,043	\$ 3,583,580	\$ 336,808
City's covered-employee payroll	\$ 3,439,730	\$ 3,439,962	\$ 3,409,696	\$ 3,418,991
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.14%	66.28%	105.10%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	96.93%	93.46%	90.24%	99.00%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

City of Oneonta, New York

Required Supplementary Information - Schedule of Pension Contributions

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ERS (City and Huntington Memorial Library)										
Contractually required contribution	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660	\$ 237,786
Contributions in relation to the contractually required contribution	\$ 517,430	\$ 509,668	\$ 525,036	\$ 596,230	\$ 679,199	\$ 663,577	\$ 679,793	\$ 472,316	\$ 391,660	\$ 237,786
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,818,283	\$ 3,596,975	\$ 3,566,549	\$ 3,511,316	3,629,516	3,388,799	3,514,879	3,246,321	3,435,131	3,223,227
Contributions as a percentage of covered-employee payroll	13.55%	14.17%	14.72%	16.98%	18.71%	19.58%	19.34%	14.55%	11.40%	7.38%
PFRS										
Contractually required contribution	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142	\$ 531,724
Contributions in relation to the contractually required contribution	\$ 778,459	\$ 807,516	\$ 789,155	\$ 844,508	\$ 873,268	\$ 956,054	\$ 852,864	\$ 755,967	\$ 500,142	\$ 531,724
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,439,730	\$ 3,439,962	\$ 3,409,696	\$ 3,418,991	3,348,522	3,388,922	3,357,839	3,326,544	2,897,448	3,153,102
Contributions as a percentage of covered-employee payroll	22.63%	23.47%	23.14%	24.70%	26.08%	28.21%	25.40%	22.73%	17.26%	16.86%

City of Oneonta, New York

Supplementary Information - Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2018					
	Water	Sewer	Miscellaneous Special Revenue	Permanent	Public Library	Total
ASSETS						
Cash and cash equivalents	\$ 450,928	\$ -	\$ 90,607	\$ -	\$ 259,500	\$ 801,035
Cash and cash equivalents, restricted	356,369	1,313,700	132,133	20,000	24,625	1,846,827
Investments	-	-	16,270	1,478,742	-	1,495,012
Other receivables, less allowance for uncollectible	224,019	128,751	-	-	67,653	420,423
Due from other governments	-	288,917	70,238	-	-	359,155
Prepaid expenses	5,688	3,880	-	-	15,370	24,938
Total assets	\$ 1,037,004	\$ 1,735,248	\$ 309,248	\$ 1,498,742	\$ 367,148	\$ 4,947,390
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 84,851	\$ 107,922	\$ 2,917	\$ -	\$ 5,228	200,918
Accrued liabilities	10,145	6,531	-	-	9,248	25,924
Other payables	212	-	-	-	-	212
Total liabilities	95,208	114,453	2,917	-	14,476	227,054
FUND BALANCES						
Nonspendable	5,688	3,880	-	1,498,742	15,370	1,523,680
Restricted for						
Capital reserves	291,730	753,122	-	-	-	1,044,852
Employee benefits	31,339	32,500	-	-	-	63,839
Restricted donations	-	-	147,699	-	24,625	172,324
Sewer operations	-	831,293	-	-	-	831,293
Assigned						
Appropriated	-	-	-	-	-	-
Unappropriated	613,039	-	158,632	-	312,677	1,084,348
Total fund balances	941,796	1,620,795	306,331	1,498,742	352,672	4,720,336
Total liabilities and fund balances	\$ 1,037,004	\$ 1,735,248	\$ 309,248	\$ 1,498,742	\$ 367,148	\$ 4,947,390

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

	Year Ended December 31, 2018					
			Miscellaneous			
	Water	Sewer	Special Revenue	Permanent	Public Library	Total
REVENUES						
Real property taxes	\$ -	\$ -	\$ -	\$ -	\$ 458,046	\$ 458,046
Departmental income	2,339,916	1,750,023	-	-	13,822	4,103,761
Intergovernmental charges	-	288,917	-	-	47,000	335,917
Use of money and property	6,306	9,955	16,299	-	6,848	39,408
Sale of property and compensation for loss	3,425	108,657	-	-	2,220	114,302
Miscellaneous local sources	113	423	17,199	-	335,238	352,973
State aid	-	-	70,238	-	7,594	77,832
Total revenues	<u>2,349,760</u>	<u>2,157,975</u>	<u>103,736</u>	<u>-</u>	<u>870,768</u>	<u>5,482,239</u>
EXPENDITURES						
General government support	96,882	38,083	-	-	-	134,965
Culture and recreation	-	-	6,464	-	810,704	817,168
Home and community services	1,502,588	1,384,528	84,329	-	-	2,971,445
Benefits	94,931	89,196	-	-	-	184,127
Debt service, principal	377,421	254,862	-	-	-	632,283
Debt service, interest	179,079	97,099	-	-	-	276,178
Total expenditures	<u>2,250,901</u>	<u>1,863,768</u>	<u>90,793</u>	<u>-</u>	<u>810,704</u>	<u>5,016,166</u>
Excess of revenues over expenditures	<u>98,859</u>	<u>294,207</u>	<u>12,943</u>	<u>-</u>	<u>60,064</u>	<u>466,073</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	13,001	994	-	-	-	13,995
Operating transfers out	(25,955)	(150,000)	-	-	-	(175,955)
Total other financing sources (uses)	<u>(12,954)</u>	<u>(149,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,960)</u>
Net change in fund balances	<u>85,905</u>	<u>145,201</u>	<u>12,943</u>	<u>-</u>	<u>60,064</u>	<u>304,113</u>
FUND BALANCES, <i>beginning of year</i>	<u>855,891</u>	<u>1,475,594</u>	<u>293,388</u>	<u>1,498,742</u>	<u>292,608</u>	<u>4,416,223</u>
FUND BALANCES, <i>end of year</i>	<u>\$ 941,796</u>	<u>\$ 1,620,795</u>	<u>\$ 306,331</u>	<u>\$ 1,498,742</u>	<u>\$ 352,672</u>	<u>\$ 4,720,336</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Combined Special Revenue Funds

	Year Ended December 31, 2018					2019 Adopted Budget
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	
Combined Special Revenue Fund Types (Excluding Community Development Fund and Permanent Fund)						
REVENUES						
Real property taxes	\$ 458,046	\$ 458,046	\$ -	\$ 458,046	\$ -	\$ 467,394
Departmental income	3,994,545	3,994,545	-	4,103,761	109,216	4,244,000
Intergovernmental charges	447,000	447,000	-	335,917	(111,083)	347,000
Use of money and property	6,700	6,700	-	39,408	32,708	16,250
Sale of property and compensation for loss	113,500	113,500	-	114,302	802	113,500
Miscellaneous local sources	279,941	333,151	53,210	352,973	19,822	284,949
State aid	7,500	107,500	100,000	77,832	(29,668)	7,500
Total revenues	<u>5,307,232</u>	<u>5,460,442</u>	<u>153,210</u>	<u>5,482,239</u>	<u>21,797</u>	<u>5,480,593</u>
EXPENDITURES						
General government support	227,000	168,115	58,885	134,965	33,150	297,984
Culture and recreation	859,688	920,025	(60,337)	817,168	102,857	851,728
Home and community services	2,740,376	3,477,504	(737,128)	2,971,445	506,059	3,273,963
Benefits	193,500	201,622	(8,122)	184,127	17,495	212,000
Debt service, principal	632,400	632,400	-	632,283	117	680,600
Debt service, interest	278,850	278,850	-	276,178	2,672	224,300
Total expenditures	<u>4,931,814</u>	<u>5,678,516</u>	<u>(746,702)</u>	<u>5,016,166</u>	<u>662,350</u>	<u>5,540,575</u>
Excess (deficiency) of revenues over expenditures	<u>375,418</u>	<u>(218,074)</u>	<u>(593,492)</u>	<u>466,073</u>	<u>684,147</u>	<u>(59,982)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	13,995	13,995	40,847
Operating transfers out	479,419	358,381	(121,038)	175,955	(182,426)	385,000
Total other financing sources (uses)	<u>(479,419)</u>	<u>(358,381)</u>	<u>121,038</u>	<u>(161,960)</u>	<u>196,421</u>	<u>(344,153)</u>
Net change in fund balance	(104,001)	(576,455)	(472,454)	304,113	880,568	(404,135)
FUND BALANCE, beginning of year	<u>2,917,481</u>	<u>2,917,481</u>	<u>-</u>	<u>2,917,481</u>	<u>-</u>	<u>3,221,594</u>
FUND BALANCE, end of year	<u>\$ 2,813,480</u>	<u>\$ 2,341,026</u>	<u>\$ (472,454)</u>	<u>\$ 3,221,594</u>	<u>\$ 880,568</u>	<u>\$ 2,817,459</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Miscellaneous Special Revenue Fund

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
REVENUES						
Use of money and property	\$ 2,200	\$ 2,200	\$ -	\$ 16,299	\$ 14,099	\$ 11,750
Miscellaneous local sources	10,000	10,000	-	17,199	7,199	7,885
State aid	-	100,000	100,000	70,238	(29,762)	-
Total revenues	<u>12,200</u>	<u>112,200</u>	<u>100,000</u>	<u>103,736</u>	<u>(8,464)</u>	<u>19,635</u>
EXPENDITURES						
Culture and recreation	19,248	19,248	-	6,464	12,784	21,155
Home and community services	60,000	169,450	(109,450)	84,329	85,121	38,000
Total expenditures	<u>79,248</u>	<u>188,698</u>	<u>(109,450)</u>	<u>90,793</u>	<u>97,905</u>	<u>59,155</u>
Net change in fund balance	(67,048)	(76,498)	(9,450)	12,943	89,441	(39,520)
FUND BALANCE, <i>beginning of year</i>	<u>293,388</u>	<u>293,388</u>	<u>-</u>	<u>293,388</u>	<u>-</u>	<u>306,331</u>
FUND BALANCE, <i>end of year</i>	<u>\$ 226,340</u>	<u>\$ 216,890</u>	<u>\$ (9,450)</u>	<u>\$ 306,331</u>	<u>\$ 89,441</u>	<u>\$ 266,811</u>

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Water Fund

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
REVENUES						
Departmental income	\$ 2,226,545	\$ 2,226,545	\$ -	\$ 2,339,916	\$ 113,371	\$ 2,460,000
Use of money and property	-	-	-	6,306	6,306	-
Sale of property and compensation for loss	-	-	-	3,425	3,425	-
Miscellaneous local sources	-	-	-	113	113	-
Total revenues	<u>2,226,545</u>	<u>2,226,545</u>	<u>-</u>	<u>2,349,760</u>	<u>123,215</u>	<u>2,460,000</u>
EXPENDITURES						
General government support	102,000	97,668	4,332	96,882	786	145,820
Water administration	248,890	279,242	(30,352)	267,512	11,730	209,120
Source of supply	18,550	73,900	(55,350)	49,461	24,439	35,200
Purification	737,180	729,332	7,848	663,767	65,565	671,323
Laboratory	66,360	54,861	11,499	43,705	11,156	48,000
Transmission and distribution	395,115	574,972	(179,857)	478,143	96,829	510,034
Benefits	101,000	101,000	-	94,931	6,069	103,000
Debt service, principal	377,500	377,500	-	377,421	79	414,450
Debt service, interest	179,950	179,950	-	179,079	871	138,900
Total expenditures	<u>2,226,545</u>	<u>2,468,425</u>	<u>(241,880)</u>	<u>2,250,901</u>	<u>217,524</u>	<u>2,275,847</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(241,880)</u>	<u>(241,880)</u>	<u>98,859</u>	<u>340,739</u>	<u>184,153</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	13,001	13,001	40,847
Operating transfers out	-	(25,955)	(25,955)	(25,955)	-	(225,000)
Total other financing sources (uses)	<u>-</u>	<u>(25,955)</u>	<u>(25,955)</u>	<u>(12,954)</u>	<u>13,001</u>	<u>(184,153)</u>
Net change in fund balance	<u>-</u>	<u>(267,835)</u>	<u>(267,835)</u>	<u>85,905</u>	<u>353,740</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>855,891</u>	<u>855,891</u>	<u>-</u>	<u>855,891</u>	<u>-</u>	<u>941,796</u>
FUND BALANCE, end of year	<u>\$ 855,891</u>	<u>\$ 588,056</u>	<u>\$ (267,835)</u>	<u>\$ 941,796</u>	<u>\$ 353,740</u>	<u>\$ 941,796</u>

See Independent Auditor's Report.

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sewer Fund

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
REVENUES						
Departmental income	\$ 1,755,000	\$ 1,755,000	\$ -	\$ 1,750,023	\$ (4,977)	\$ 1,775,000
Intergovernmental charges	400,000	400,000	-	288,917	(111,083)	300,000
Use of money and property	-	-	-	9,955	9,955	-
Sale of property and compensation for loss	110,000	110,000	-	108,657	(1,343)	110,000
Miscellaneous local sources	-	-	-	423	423	-
Total revenues	<u>2,265,000</u>	<u>2,265,000</u>	<u>-</u>	<u>2,157,975</u>	<u>(107,025)</u>	<u>2,185,000</u>
EXPENDITURES						
General government support	125,000	70,447	54,553	38,083	32,364	152,164
Sewer administration	251,149	259,931	(8,782)	253,834	6,097	226,295
Sanitary sewers	104,025	265,916	(161,891)	161,563	104,353	602,309
Wastewater treatment	859,107	1,069,900	(210,793)	969,131	100,769	933,682
Benefits	92,500	100,622	(8,122)	89,196	11,426	109,000
Debt service, principal	254,900	254,900	-	254,862	38	266,150
Debt service, interest	98,900	98,900	-	97,099	1,801	85,400
Total expenditures	<u>1,785,581</u>	<u>2,120,616</u>	<u>(335,035)</u>	<u>1,863,768</u>	<u>256,848</u>	<u>2,375,000</u>
Excess (deficiency) of revenues over expenditures	<u>479,419</u>	<u>144,384</u>	<u>(335,035)</u>	<u>294,207</u>	<u>149,823</u>	<u>(190,000)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	994	994	-
Operating transfers out	(479,419)	(332,426)	146,993	(150,000)	182,426	(160,000)
Total other financing sources (uses)	<u>(479,419)</u>	<u>(332,426)</u>	<u>146,993</u>	<u>(149,006)</u>	<u>183,420</u>	<u>(160,000)</u>
Net change in fund balance	-	(188,042)	(188,042)	145,201	333,243	(350,000)
FUND BALANCE, beginning of year	<u>1,475,594</u>	<u>1,475,594</u>	<u>-</u>	<u>1,475,594</u>	<u>-</u>	<u>1,620,795</u>
FUND BALANCE, end of year	<u>\$ 1,475,594</u>	<u>\$ 1,287,552</u>	<u>\$ (188,042)</u>	<u>\$ 1,620,795</u>	<u>\$ 333,243</u>	<u>\$ 1,270,795</u>

City of Oneonta, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund

	Year Ended December 31, 2018					
	2018 Adopted Budget	2018 Modified Budget	Difference Adopted vs. Modified Positive (Negative)	2018 Actual	Variance With Actual vs. Modified Positive (Negative)	2019 Adopted Budget
REVENUES						
Real property taxes	\$ 458,046	\$ 458,046	\$ -	\$ 458,046	\$ -	\$ 467,394
Departmental income	13,000	13,000	-	13,822	822	9,000
Intergovernmental charges	47,000	47,000	-	47,000	-	47,000
Use of money and property	4,500	4,500	-	6,848	2,348	4,500
Sale of property and compensation for loss	3,500	3,500	-	2,220	(1,280)	3,500
Miscellaneous local sources	269,941	323,151	53,210	335,238	12,087	277,064
State aid	7,500	7,500	-	7,594	94	7,500
Total revenues	803,487	856,697	53,210	870,768	14,071	815,958
EXPENDITURES						
Culture and recreation	840,440	900,777	(60,337)	810,704	90,073	830,573
Net change in fund balance	(36,953)	(44,080)	(7,127)	60,064	104,144	(14,615)
FUND BALANCE, <i>beginning of year</i>	292,608	292,608	-	292,608	-	352,672
FUND BALANCE, <i>end of year</i>	\$ 255,655	\$ 248,528	\$ (7,127)	\$ 352,672	\$ 104,144	\$ 338,057

FORM OF BOND COUNSEL’S OPINION

August 25, 2020

City of Oneonta
County of Otsego
State of New York

Re: City of Oneonta, Otsego County, New York
\$3,034,000 Public Improvement (Serial) Bonds, 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,034,000 Public Improvement (Serial) Bonds, 2020 (the “Obligations”), of the City of Oneonta, Otsego County, New York (the “Obligor”), dated August 25, 2020, 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 ____ hundredths per centum (____%) per annum as to bonds maturing in ____, payable semi-annually on February 15 and August 15 commencing August 15, 2021, and maturing in the amount of \$_____ on August 15, 2021, \$_____ on August 15, 2022, \$_____ on August 15, 2023, \$_____ on August 15, 2024, \$_____ on August 15, 2025, \$_____ on August 15, 2026, \$_____ on August 15, 2027, \$_____ on August 15, 2028, \$_____ on August 15, 2029, \$_____ on August 15, 2030, \$_____ on August 15, 2031, \$_____ on August 15, 2032, \$_____ on August 15, 2033, \$_____ on August 15, 2034, \$_____ on August 15, 2035, \$_____ on August 15, 2036, \$_____ on August 15, 2037, \$_____ on August 15, 2038, \$_____ on August 15, 2039, \$_____ on August 15, 2040.

The Obligations maturing on or before August 15, 2028 shall not be subject to redemption prior to maturity. The Obligations maturing on or after August 15, 2029 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 August 15, 2028 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

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

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP